# NATO'S FIRST SHOTS IN ANGER

# Russia Backs Downing of Jets in Bosnia

# Strong Sign From West Of New Aggressive Role

By John Pomfrei

Washington Past Service SARAJEVO, Bosnia-Herzegovina — Like the gruesome attack on Sarajevo's market-place three weeks ago, NATO's downing on Monday of four Bosnian Serbian warplanes is a military action that could crucially alter the course of the war.

By proving to the Bosnian Serbs and their mentors in Belgrade that "NATO has teeth." in the words of Lieutenant General Michael Rose, the commander of UN forces in Bosmia, the attack put the Serbs on notice that NATO and the United Nations have fundamentally transformed their roles in what used

to be Yugoslavia. Two questions remain. Does the United Nations have enough men in Bosnia to carry out the changes? And how will the warring parties, especially the Serbs and their foes, the Muslims, react?

UN officials say if the Serbs, who are largely seen as the main aggressors in this three-sided conflict, accept the novel role played by UN forces and the North Atlantic Treaty Organization, then the downing of the four warplanes could provide a jolt to the peace process aimed at stopping the 23month battle to divide Bosnia.

But if Bosnian Serbian forces take issue with the UN's more robust interpretation of its mission, backed by NATO planes, then they have placed themselves on a collision course with the international community, with potentially dire results for both the Serbs and the thousands of lightly armed UN soldiers and aid workers in Bosnia.

For most of the two-year war, the UN operation here has tiptoed around the combatants. In Bosnia, its main mission has been to deliver aid to the 2.7 million people esti-mated to rely on handouts to survive. Despite UN Security Council resolutions approving the use of "necessary force" to deliver aid here. UN troops have never shot their way urrough a roadblock.

Now, under the leadership of General Rose, the most dynamic of the mission's four commanders since it began in July 1992, the UN operation has adopted a more aggressive stance, announcing, for example, that it would no longer seek permission for its aid convoys to cross battle lines, but instead would notify the practing sides and proceed. would notify the warning sides and proceed with or without permission.

NATO, too, took an ambiguous approach to flexing its military muscles for the first time beyond the territory of its memberstates when in April 1993 it began prosecuting a no-flight zone over Bosnia. Since then, there have been hundreds of violations, especially by helicopters, on all sides. Now, in less than a month, NATO has

### **NEWS ANALYSIS**

issued an ultimatum to the Bosnian Serbs,

warning of air strikes if they did not withdraw their heavy weapons 20 kilometers from Sarajevo or put them under direct UN control. And finally it has shot down violators of the

The Feb. 9 ultimatum followed an earlier military action as significant - albeit more shocking - as Monday's attack: the killing of 68 civilians in the shelling of a Sarajevo market on Feb. 5. It was that slaughter of civilians that prompted NATO to change forever the role it was playing in Bosnia.

"This was a gross miscalculation on the part of the Serbs," said a senior Western military official involved in the NATO operation. "These changes have thrown the Serbs seriously off-balance."

In an interview, General Rose said the NATO action Monday would help to further calm the situation in Sarajevo.

"This shows that if there's a NATO ultimatum it's not a hollow ultimatum," he said. "There's a clear read across to other NATO orders," like the one concerning Sarajevo. Another unpredictable element is the mostly-Muslim army. If it takes the NATO

attack as a sign that the international com-See ATTACK, Page 4



President Clinton discussing the downing of four Serbian warplanes on Monday.

# **Allies Say Serb Planes Bombed Muslim Ammunition Factory**

New York Times Service

MOSCOW -- After weeks of sharp opposi-tion to Western military intervention in Bosnia, Russian officials said Monday that they supported NATO's actions in shooting down four planes on a bombing raid there earlier in the day — the first shots fired in anger in the illiance's 45-year history.

But, clearly juggling competing allegiances, foreign Ministry officials here could not bring themselves to join the alliance in placing direct blame for the incident on the Bosnian Serbs.

The North Atlantic Treaty Organization asserted that the planes were from the Bosnian Serbs' air force and that they were shot down after they bombed a Muslim area. But in a brief statement, the Russian Foreign

Ministry said that the identity of the warplanes was not known and that the Bosnian Serb leadership had denied all responsibility for

"Whoever carried out the military sortie over Bosnia in violation of the corresponding UN Security Council resolutions on a no-fly zone, it is they who bear the full responsibility for what happened," the statement said. It went on to note that "these planes could belong to the Bosnian Serbs, though their military command rejects the possibility.

Moscow has vacillated considerably in its role as main defender of the Serbs, with whom they have strong historical ties. Only a week ago, Russian officials intervened on behalf of the West and helped persuade the Bosnian Scrbs to withdraw their heavy artillery from

[Radovan Karadzic, leader of the Bosnian Serbs, arrived in Moscow on Monday for talks, hours after the incident. "I am here to ensure the peace process. Russia will help us," Mr. Karadzic said, according to Agence France-

Russian negotiators, who had scored a singular triumph in helping force the withdrawal, expressed deep anxiety Monday over the worsening situation. "We repeatedly warned the Serbs, Croats and Muslims against possible provocations by field commanders or anyone else," a senior Foreign Ministry official told the Russian news agency Interfax on Monday.

feared has happened."

Craig R. Whitney of The New York Times reported earlier from Bonn:

NATO officials said that two U.S. F-16 fighters brought down four Bosnian Serbian lightattack bombers Monday after the Serbian planes attacked a Muslim-controlled ammuni-

tion factory in central Bosnia. The officials said that the downed planes had been part of a flight of six aircraft encountered by a NATO patrol near the Bosnian Serbs'

NATO governments say the planes committed an 'indisputable violation.' • The jets were part of Bosnian Serbs' 37-plane force. Page 4.

main air base at Banja Luka on Monday morning. The American pilots opened fire with heatseeking missiles after twice warning the aircraft, two-seater jets made for the armed forces of the former Yugoslavia and known as Galeb, to land. The Bosnian Serbs ignored the warnings, NATO officials said.

The other two Bosnian Serbian planes re-turned to base and landed safely, military officials said. There was no word as to the fate of the crews of the downed jets.

[In Washington, President Bill Clinton said that "every attempt was made" to avoid shooting down the aircraft. The Associated Press reported. Mr. Clinton said the downings complied with the United Nations mandate "to eliminate the prospect the war could be carried into the air.

[Prime Minister John Major of Britain, who was in Washington on an official visit, endorsed the action. "There was no reason for these planes to be there," he said. "They were there with hostile intent. They were given a warning. They declined that warning. They were shot down and frankly they could expect nothing

The North Atlantic Treaty Organization has been patrolling the skies over Bosnia-Herzego-vina since April under the authority of a United Nations Security Council resolution banning all other military flights there. Until Monday,

See PLANES, Page 4

Russia Expels

**U.S. Diplomat** 

Named as Agent

By Fred Hiatt

Washington Post Service

MOSCOW — Russia on Monday expelled a

U.S. Embassy official, identified by Russians as

the CIA station chief, in retaliation for Wash-

ington's expulsion of a Russian intelligence

official last week. Russian officials then ex-pressed hope that the first espionage flare-up

since the Cold War would not escalate further.

Monday that a U.S. official, whom he did not

name, had been ordered to leave. Russian offi-

cials identified the expelled man as James Morris and said he was in charge of intelligence here. Mr. Morris, listed officially as an embassy counselor, could not be reached for comment.

In an apparently unrelated move, President Boris N. Yeltsin dismissed his domestic intelli-

Ambassador Thomas R. Pickering confirmed

# EU Warns China on U.K. Trade

By Kevin Murphy

HONG KONG - Reacting to fresh Chinese attacks on Britain for its pursuit of democratic reforms in Hong Kong, the European Union warned Beijing on Monday that its threats to retaliate against British trade risked a wider

confrontation with the European Union.
In Beijing for official talks, the EU commissioner in charge of external economic relations and trade policy. Sir Leon Brittan, clashed with China's minister for foreign trade, Wu Yi, who asserted that British trade success in China may depend on the outcome of the political dispute that has raged for 17 months over the colony.

Any action that discriminated against one member state on political grounds would be a very serious matter not just for that country but for the EU as a whole," Sir Leon said at a joint news conference with Miss Wu.

The European Union was founded on the principle of solidarity," he said, according to news agency reports, following discussions that included the possibility of China's returning to the General Agreement on Tariffs and Trade. When Miss Wu said that Sir Leon's concern was under-

standable since he was British, Sir Leon responded:
"That has nothing to do with it at all. I speak as a commissioner whose task it is to represent the interests of the European Union as a whole, and if Madame Wu doesn't fully appreciate that, I'm glad to make it clear now."

Despite Miss Wu's reply that her comment "was a joke,"

the press conference was ended. [Sir Leon said later he had received assurances that China would not punish EU companies, Reuters reported from London. "I have had an assurance from the very highest level in China saying that there will be no discrimination against any individual member state of the EU and that it is recognized that nondiscrimination is a fundamental principle of the GATT," he was quoted as telling BBC radio.]

Sir Leon declined to specify countermeasures the Europe-See BRITTAN, Page 4

# Be Firm,' Dissident Tells U.S.

By Daniel Southerland

Washington Post Service

BEIJING — Wei Jingsheng, China's best known dissident, has called on President Bill Clinton to toughen the U.S. stance on human-rights abuses in China as the United States began a new round of talks with Beijing on Monday. John Shattuck, assistant secretary of state for human rights, met with Mr. Wei on Sunday, the eve of meetings

with Chinese officials to discuss human-rights issues.

The U.S. Embassy had no comment on the meeting with

Mr. Wei, but the dissident told The Associated Press on Monday that Mr. Shattuck had asked if he had anything he

wished to pass along to Mr. Clinton. "I said the U.S. government should be more firm in its position," the outspoken Mr. Wei was quoted as saying. "The U.S. government's attitude should be as tough as the

Mr. Shattuck is the highest U.S. official to meet with Mr.

Following his release last fall after nearly 15 years in prison, Mr. Wei has persisted in speaking out despite repeated warnings that he should stop publishing his views overseas and giving interviews to foreign reporters.

Meanwhile, in a background briefing for American reporters on U.S.-Chinese relations, a senior Chinese Foreign Ministry official was asked about Mr. Shattuck's meeting with Mr. Wei. He said that the United States should look at the bright side of China's development and not just listen to what he described as the views of a small minority of its

Beijing has set out a hard-line stance on the talks in recent weeks by publishing attacks on alleged American hypocrisy in making human-rights demands on other nations while ignoring racism, poverty, and other problems at home.

China's stance apparently reflects a growing consensus among top party leaders that economic concerns top the

See CHINA, Page 4

### Kiosk

### **Algerian Hijackers** Surrender in Spain

ALICANTE. Spain (AFP) — Three hijackers who diverted an Algerian jettiner with 127 passengers and crew to this southern seaside resort gave up on Monday and placed themselves in the custody of Spanish authorities, the police an-

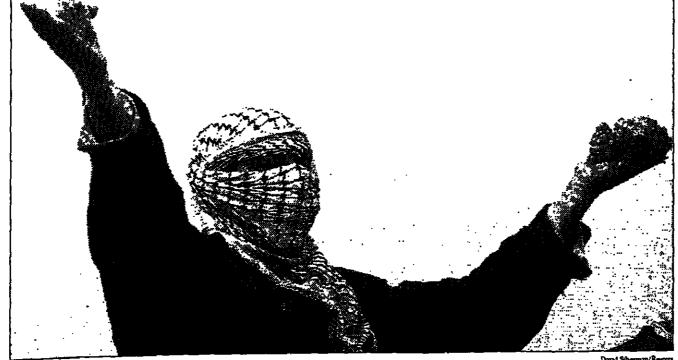
All passengers and crew were freed from the Boeing 727, which had been surrounded by the police as local officials aided by French and Arab interpreters negotiated with the hijackers.

The Spanish news agency EFE and sources in the Ministry of Transportation reported that the bijackers had asked for political asylum, but Interior Ministry officials said they could not confirm this, The plane was on a domestic flight from Oran in western Algeria to Annaba in the east of the country when it was seized.

Book Review ndex Up 0.93% Down 6.76 115.52 3,832.02 The Dollar previous close 1,711 Mon close 1,7042 1.4885 104,585

# **Newsstand Prices**

# Rabin Cautions Palestinians as Focus Shifts to Talks



A Palestinian facing police officers with a handful of stones Monday in East Jerusalem as clashes continued after the mosque killings.

By Clyde Haberman

New York Times Service

JERUSALEM — Prime Minister Yitzhak Rabin warned the Palestinians on Monday not to use the Hebron mosque massacre to set unrealistic conditions for their return to peace

But in words both lacerating and refentless, he declared murderous settlers in the occupied territories to be outcasts, alien to Israel and to

Mr. Rabin suggested that, despite Palestinian demands, he would take no further measures

PLO will seek UN backing for demand that settlers be disarmed. Page 2.

against Jewish settlers in the occupied territories beyond those announced on Sunday, aimed at a relatively small group of extremists preaching the anti-Arab views of the late Rabbi Meir

But Mr. Rabin said he would accept an international civilian presence in the occupied Gaza Strip and Jericho in the West Bank, Agence France-Presse reported. "We would agree to the deployment of an international presence in the Gaza Strip and Jericho," he told representatives of American Jewish organiza-

Under a toughened new policy, some Jews --See ISRAEL, Page 2

### gence chief on Monday, heightening the im-pression of disarray in his administration in the aftermath of the freeing from jail of several of his bitter political foes. The mutual expulsions stem from the arrest last week in Virginia of a top CIA officer, Economic rivalry between the United States

and Russia comes to the fore. Page 3.

Aldrich Hazen Ames, and his wife on charges of spying for the Soviet Union and Russia. To protest Russia's infiltration of the CIA, Washington ordered the expulsion Friday of Alexan-der I. Lysenko, described as chief of Russia's intelligence station there.

Russian officials, including Foreign Minister
Andrei V. Kozyrev, expressed indignation at

the expulsion of an official who had openly identified himself as being in the intelligence business. "In this situation, we are obliged, on the basis of mutuality, to declare the CIA representative in Moscow persona non grata, the Foreign Ministry said in a statement.
Officials in the Foreign Ministry and the

external intelligence service both said they hoped the fight would end there, without further damage to bilateral relations. A presidential spokesman said he did not believe Mr. Yeltsin was involved in the decision.

"We are very much upset and regret that it happened in the first place and hope that this will put a full stop" to the dispute, said an See RUSSIA, Page 4

# White House Bumbling on Foreign Leaders' Names Spells Trouble

By Alan Friedman International Herald Tribune

PARIS - In the ethereal world of high-level diplomacy, it's often the little things that count, like spelling the names

of government ministers correctly.

Now, with less than two weeks to go before President Bill Clinton is to be the host of a high-profile jobs conference in Detroit, senior European government aides are grumbling in private about what they describe as White

House disarray in making preparations.

"I don't want to be impolite," said one Italian government official, chuckling, "but this Clinton presidency! Oh

Given the Old World's obsession with protocol, this is not the first time an American government has been accused of sloppiness. But the complaints from Europe only begin with the problem of misspelled names, which are contained in a letter and briefing documents sent by the White House on Feb. 18 to officials planning for the

Group of Seven jobs meeting. A copy of the White House documents that has been obtained by the International Herald Tribune shows the victims of poor spelling are Kenneth Clarke, Britain's attend the meeting, has asked those whose names it has

dear! It is a real fritto misto. They are mixing up our names and our titles."

chancellor of the Exchequer (spelled Clark); Norbert Blum, Germany's labor minister (spelled Blochm); Piero Renaissance Center in Detroit. "We were not even told the Requeri Italy's Treasury minister (who was called Pietro); wenue would be Detroit until very recently," moaned a Barucci, Italy's Treasury minister (who was called Pietro); and Henning Christophersen, Europe's economics commissioner (spelled Christopherson).

Unlike the other ministers who will go to Detroit. Edmond Alphandery, the French economics minister, and Michel Giraud, the labor minister, had their first names lopped off the list entirely. European hackles were raised further because the Clin-

ton administration, which last year invited G-7 partners to

German government official. "It is all a bit of a mess," he added.

If misspelling names and asking guests to pay their own way are merely awkward. President Clinton has also caused a real flap over protocol by inviting Jacques Delors. the European Commission president whose ideas he likes. but whose station is well above the ministerial rank of the

See NAMES, Page 2

Withe News That s F.

Foreign Minister Shimon Peres, left, conferring with Prime Minister Yitzhak Rabin at a parliamentary debate Monday on the killings.

# Settlers See Mosque Gunman as Martyr

By Chris Hedges and Joel Greenberg

KIRYAT ARBA, Israeli-Occupied West Bank — On the night before the massacre' that would lead to his death, Baruch Goldstein prayed for the last time at the dimly lit Tomb of the Patriarchs.

He was there to participate in services marking the Jewish holiday of Purim. But when Arab worshipers on the other side of the partition in the shrine began to taunt the Jews, Dr. Goldstein seemed particularly dis-

traught, other settlers said.
"The Arabs were screaming out during our prayers that the Jews should be slaughtered," said Yehuda Burdman, a settler. "The fact that he could not even say his prayers greatly

The next morning at about 5, Israeli Army investigators said, Dr. Goldstein walked out of his ground-floor apartment dressed in the captain's uniform he wore as an army reserve doctor. He carried an Israeli-made Galil rifle and at least four magazines with 35 bullets

It was the dawn of Purim, a raucous holiday celebrating the deliverance of Persian Jews from a plot to destroy them in the 5th century B C. and the fierce revenge they took against their enemies. Dr. Goldstein's friends, as perhaps he hoped they would, compared him Sunday to Mordechai, the

hero of the Purim story.

The doctor, who was well-known to soldiers and settlers, arrived at the Tomb of the Patriarchs at about 5:30, entering through a side entrance and passing by soldiers, who did not challenge him. He moved swiftly toward the door of the mosque, where hundreds of Arabs were saying their Friday morning prayers in observance of Ramadan, the Muslim holy month of penance.

Mohammed Abu Saleh, a guard at the mosque door, said that Dr. Goldstein had demanded to enter, saying he was the duty officer, and that when Mr. Abu Saleh objected, the doctor knocked him down with the butt of his rifle.

"When I saw him, he was running toward the hall where everyone was saying prayers," said Khatem Kafisha, who had been taking off his shoes near the door. "He could have shot any one of us who was outside, but it was clear he only wanted to open fire on the

worshipers so he could hit as many people as effect on him," a neighbor said. "He looked

"He didn't say a word." Dr. Goldstein loaded a magazine into his assault rifle, put on what witnesses described as protective ear cups to deaden the noise and opened fire on the Muslims kneeling in tight rows, heads bowed to the ground. He stood near the back wall of the mosque, out of

'It crushed him to see Jews get hurt and no one, not even the

government, ever react.'

range of closed-circuit television cameras that are monitored by Israeli soldiers at the

The doctor fired 111 rounds from three and a half magazines, army investigators

Worshipers reported hearing long bursts of gunfire. Some also said loud explosions shook the mosque, but Israeli officials said there was no evidence that grenades were used. The massacre was over in about two

Many Jews, who gathered in small groups in the drizzle that drenched Kiryat Arba on Sunday, said they shared Dr. Goldstein's an-

ger and feeling of powerlessness.
"Until you experience the pain he felt you can't condemn him," said a middle-aged woman who lives near the Goldsteins. "It crushed him to see Jews get hurt and no one, not even the government, ever react. He could not stand to see the Jewish people live in their own land and yet not be free."

The inner world of Dr. Goldstein was clearly colored by the messianic, often racist rantings of radical Jewish settlers who deny Palestinian rights to the occupied territories and say the world is bent on exterminating

the Jews. As the doctor's ideological structure began to crumble, first with the assassination of the radical Rabbi Meir Kahane and then with the peace talks with the Palestinians, it cast him adrift, neighbors said. And when several friends were killed by Palestinians, something

in him snapped, they said.
The murder of Rabbi Kahane had a huge

# **PLO Sets Condition** For Return to Talks Unionists to Shun Ulster Peace Talks

# Group to Seek UN's Support For Plea to Disarm Settlers

By Youssef M. Ibrahim New York Times Service

BETHLEHEM — Reflecting a wave of revulsion that has spread among Palestinians in the West Bank and Gaza Strip over the massacre of Palestinians by a Jewish settler, a senior Palestine Liberation Organization official said Monday that the disarming of milireturn of the PLO to peace talks.

information chief and a senior launching a campaign to persuade members of the United Nations Security Council to back this de-

The move reflects a conviction emong the estimated two million Palestinians living under Israeli occupation that further talks with Israel are pointless otherwise.

[The United States rejected the PLO conditions Monday, Reuters reported from Washington. The State Department spokesman, Mike McCurry, said the talks should continue on the same basis as before.]

like a shadow of himself after the Kahane murder, but the killing of his friend Morde-

chai Lapid. who died in his arms in Decem-

her, broke him. His ideas became even more

quiet man, but in his heart he was seething

Mr. Lapid was ambushed Dec. 6 by Pales-

unian gummen just outside the settlement.
One of Mr. Lapid's sons also died in the shooting, and three of his children were wounded.

Dr. Goldstein was one of the first people

There was little remorse expressed by the

on the scene, but he could not save his friend.

settlers in Kiryat Arba for the scores of dead

Palestinians left sprawled on the floor of the

mosque. But most bemoaned the death of the

Mr. Ben-Yaacov, who immigrated from Stony Brook. New York, and converted to

Judaism. "If none of us condemn the act, it

will make the Arabs afraid and prevent many

Matityahu Alansky, a New York native, stood outside Dr. Goldstein's yellow limestone apartment building, where he had just left a letter of condolence for the doctor's

He said the doctor had bolstered the spirits

"We are proud of what he did," Mr.

Alansky said. "He has given us pride as Jews.

He is a hero. People may have died, but he

has given life to the country. He has shown us

that God is with us, that Jews will now fight

At a small grocery just yards from Dr.

Goldstein's apartment, employees were past-

ing a large sign in Hebrew on the window.

stood under a small tarpaulin that protected

them from the rain. Many wore damp black

army boots.
"We wish to express our pain and sorrow at the loss of the martyr Dr. Baruch Goldstein,"

The hand-lettered notice likened the death

of Dr. Goldstein to that of the prophet Elijah,

who ascended to heaven in a chariot of fire.

The aim Monday was to "get it to the point where both sides reach

There were plenty of sticking

The 12 EU member states failed

to agree on their bottom line at an

internal bargaining session early

Spain's European affairs minister, Carlos Westendorp, said Ma-

drid would not back down on its

demand to maintain existing voting

rules, which allow as few as three

initiatives. Most other states, led by

Germany, want to dilute the block-

ing minority, but Prime Minister Felipe González wrote to Chancel-

lor Helmut Kohl on Monday to

stress that the existing rules were

"vital" to Spain, a Spanish spokes-

Finland rejected the EU's offer

on farm supports as too stingy, while Sweden failed to budge the

of many settlers, who fear the government

will close the settlements as part of the peace accord with the Palestine Liberation Organi-

widow and children.

the sign read.

**EU Gives 4 Candidates** 

More Time for Accord

BRUSSELS - The European the end of their negotiating tether,"

Union indicated a readiness to extend membership negotiations with Austria, Sweden, Finland and Nor-

Sweden. The Greek European af- countries to block important EU

acknowledge that talks could con-tinue as late as March 10 and still contributions to the EU budget

man şaid.

mates over fish, trucking, and other issues from splitting the four candi-

By Tom Buerkle

way on Monday to prevent stale-

Germany effectively lifted the

Monday when Foreign Minister Klaus Kinkel said the EU must

avoid leaving behind Norway and Austria, which have made less pro-

gress in the talks than Finland and

fairs minister, Theodore Pangalos,

warned Sunday that Norway and

Austria might need several more

months to reach agreements.

Greece holds the rotating EU presi-

EU leaders set the Monday

deadline so the European Parlia-ment and the four candidates could

ratify the accords in time for EU entry on Jan. 1, 1995, but officials

declared deadline of midnight Monday.

ntional Herald Tribune

This act should not be condemned," said

doctor - and even defended his attack.

"He always talked of revenge. He was a

The fact that Dr. Baruch Goldstein, the settler who gunned down dozens of worshipers at the Hebron mosque Friday, was an American citizen was widely pointed out in Arab dailies Monday. Many re-ports stressed that fundamentalist American Jews are flocking to in-habit Jewish settlements here, financed by donations from supporters in the United States. The charge has inflamed latent anti-American sentiment among many Palestin-

Speaking at the Tunis headquarters of the PLO, Mr. Abed Rabbo said Palestinian representatives will travel to Washington to explain the organization's new position on the disarming of settlers. The issue has now been elevated to the status of a virtually nonnegotia-ble condition for the resolution of the 45-year-old Palestinian-Israeli

"The question is no longer to go on with the talks, but to protect the Palestinians from the rule of terror imposed by Jewish settlers," Mr. Abed Rabbo said in a radio interview. "This takes precedence over anything else."

The PLO's move to harden its stance has been dictated by the very real threat that if the organizatant settlers was a condition for the tion were to decide to resume talks without receiving concessions on Yasser Abed Rabbo, the PLO's means of containing provocative aformation chief and a senior behavior by Jewish settlers — who member of the Palestinian negoti-ating team, said Palestinians were streets of Hebron in the West Bank with their weapons in hand - it would lose its following here.

It is also certain that the PLO is trying to use the circumstances of the massacre and its impact to pull the United States back into the peace process on the side of Pales-

hem, considered to be among the most moderate Palestinians in the occupied territories, underlined Monday the extent of Palestinian demands that something be done about settlers' behavior.

"Peace in the territories and Jewish settlements don't go together,"

"These Israeli settler extremists are well-known to all who live here. "These people have for years openly called for the expulsion of Palestinians from the West Bank,"

"The only way to stop it is to take armed settlers out of Arab regions. They cannot be allowed to stroll about with weapons among unarmed Palestinians any more. Otherwise forget about peace

While moderate Palestinians such as Mr. Freij would continue to support the peace process if a compromise was reached over disarming settlers, the very notion of further talks with Israel is met with total rejection among militant Muslim fundamentalists in Hebron, for whom support has dramatically increased after the kill-

# **WORLD BRIEFS**

BELFAST (Combined Dispatches) - The Ulster Unionist Party said Monday it would not take any further part in peace talks among the British and Irish governments and the constitutional local parties in Northern Ireland.

The announcement said the party would remain out of the talks until new political structures were set up in Northern Ireland. The announcement was seen as a blow to Prime Minister John Major's efforts to resume the talks as a means of demonstrating to Sinn Fein, the political wing of the IRA, that it had lost the initiative in the Ulster debate.

Sinn Fein, in its annual congress in Dublin over the weekend, failed either to accept or reject the British-Irish Joint Declaration on Northern Ireland, which offered it a place in negotiations when the IRA renounced violence for three months. Britain and Ireland signed a joint peace declaration in December seeking to end the long guerrilla conflict and bring the IRA to the negotiating table.

# UN Is Told of Iraqi 'Reign of Terror' GENEVA (IHT) — In unusually blunt language, a UN human-rights

monitor, Max van der Stoel, accused the regime of Saddam Hussein on Monday of a continuing "reign of terror" against the people of Iraq. replete with "executions, torture, illegal detention, restrictions on trave and press freedom as well as abose of the rights of women and children."

At the annual session of the 52-nation Commission on Human Rights in Geneva, Mr. van der Stoel, a former Dutch foreign minister, painted a bleak picture of human deprivation, notably in the Kurdish regions of the north and the southern marshland, where the government's reclamation projects threaten a quarter of a million Shiite Iraqis with starvation. The report, commissioned by the United Nations a year ago, says the Kurdish minority remains subjected to an economic blockade by Baghdad and survives on international aid, which covers only 7 to 10 percent of daily food requirements.

### Danish Government Loses Majority

COPENHAGEN (Reuters) — Denmark's Social Democrat-led government lost its narrow parliamentary majority on Monday when a member of one of its coalition partners left her party to become an independent amid the fallout from a political scandal

The departure from the Center Democrats party of Bente Juncker, the former social affairs minister, left the governing coalition in control of only 89 of the 179 seats in parliament. She had resigned from her cabinet post on Feb. 11 following leaks by her of unsubstantiated allegations of sexual misdemeanors by the head of a center for the mentally handi-

capped.

Parliamentary commentators did not expect her resignation from the party to threaten the government's hold on power, since she pledged on Monday to support Prime Minister Poul Nyrup Rasmussen as an independent. "I plan to work out a cooperation plan for voting for government legislation," she said. "It won't be me who forces any

### U.S. Makes a Gesture to North Korea

WASHINGTON (AP) - The United States is ready to resume negotiations with North Korea if international inspection of the Commu-nist nation's nuclear facilities proceeds on schedule, a State Department official said Monday.

Thomas Hubbard, a deputy assistant secretary of state, said that the announcement also would include a decision on a scheduled U.S.-South Korean military exercise. It has been widely speculated that if the inspections take place the exercise will be canceled. Mr. Hubbard refused to say when the negotiations would resume, but he would not dispute a report from South Korea that the date was March 21.

Inspectors of the International Atomic Energy Agency are scheduled to arrive in Pyongyang on Tuesday. Mr. Hubbard said they expected to complete, in about two weeks, their work of determining whether any nuclear material has been diverted from North Korean reactors.

# ISRAEL: Warning to Palestinians

unofficial estimates are about 40 for now — would be stripped of their guns arrested without formal charges or barred from the territories. In addition, the government is studying the possibility of outlaw-ing the Kach movement and other Kahane-inspired groups. Dr. Baruch Goldstein, the settler who gunned down dozens of Muslims as they knelt in prayer at a Hebron mosque on Friday, was a Kahane

These steps, however, do not go nearly far enough for the Palestine Liberation Organization, which is under great pressure from enraged Palestinians and demands that all settlers be disarmed, that flashpoint settlements like those in and around Hebron be dismantled and that an international force be sent in to protect people in the territo-

But Mr. Rabin, while appealing to the PLO to return to the bargain-ing table, hinted that these were unacceptable conditions, saying that Israel has "no intention of compromising even one iota" on security, including for the roughly

130,000 settlers. Mr. Rabin was supported in this Monday by the United States, which called on the two sides to resume their negotiations in Washington based on agreements already reached for the start of Palestinian self-rule. That position reflected a concern that if issues like removing settlements were to be raised now — instead of in several years, as originally planned — the outline accord reached by Israel and the PLO in September could

Although the focus was on how to keep the peace talks from falling apart, the massacre continued to take an emotional toll, stoking Arab rage in the territories and israel proper and prompting many Israelis to look deep into their

Revulsion has been keen among Israelis over the murders and the praise for the killer offered by some militant settlers. It also has not been lost on many Israelis that Dr. Goldstein, like many Kahane disciples, was an American, from Brooklyn, New York.

Speaking to parliament, Mr. Ra-bin captured this widely shared

Imprime par Offprint, 73 rue de l'Evangile, 75018 Paris.

spirit, but his words were strikingly harsh and unforgiving, describing Dr. Goldstein as a "villainous Jew," "a horrible man," and a "Jewish Hamas member" — a reference to a militant Islamic group that is strong in the territories.

"To him and to those like him, we say: You are not part of the community of Israel," the prime minister said. "You are not part of the national democratic camp which we all belong to in this house, and many of the people dee voll You are not ba the Zionist enterprise."

"Sensible Judaism spits you out. You placed yourself outside the wall of Jewish law. You are a shame on Zionism and an embarrassment

■ A Call to Rescue Talks

Israel urged Washington on Monday to rescue peace talks threatened by an Arab walkout, news agencies reported from Jeru-

U.S.-sponsored peace talks that had been scheduled to take place Monday in Washington were suspended after the Syrian, Lebanese and Jordanian delegations with-drew Sunday in solidarity with the PLO and returned home for consultations. In Tunisia, the PLO Executive Committee said Monday that resuming talks with Israel was impossible for now because Israel had not taken adequate steps to curb attacks on Palestinians.

The PLO decided to send envoys to Washington and Moscow to explain the Palestinians' demand for the removal of Jewish settlements from the occupied territories.

Earlier Monday, Israel's deputy foreign minister, Yossi Beilin,

called the suspension of talks "wor-"The next step should be the

intervention of the Americans," he Until now, Israel has sought to

avoid direct U.S. involvement in the peace process, while the Palestinians have pressed for Washington to step in.
Also Monday, Arab sources said

two Palestinians were killed in clashes with Israeli soldiers in a fourth day of bloodshed in the occupied West Bank since the mosque killings.

(AP, Reuters, AFP) kets and policy. The Detroit meet- cost up to \$1,200.

# TRAVEL UPDATE

### Access to Mexican Pyramids Blocked

MEXICO CITY (Reuters) — About 200 vendors were blocking access to the majestic ruins of Teotilhuacan on the outskirts of Mexico City to protest new rules barring them from the ancient site, the news agency Notimex said Sunday. The vendors closed off all five entrances to Teotihuacan since Thursday, preventing visitors and archaeological workers from entering, Notimex said. Teotihuacan, believed to have been built around A.D. 200, is best known for its tiered Pyramids of the Sun

The city, which was destroyed by fire five centuries before the rise of the Aztecs, was named Teotihuacan, or City of the Gods, by Aztecs who marveled at its grand monuments. Under a plan aimed at exploring more of the eight and a half square miles (22 square kilometers) of the site, Mexico's National Institute of Anthropology and History ordered the removal of the vendors, who make a living peddling clay and obsidian replicas of ancient artifacts to tourists. More than a million tourists visit Teotihuacan each year.

One of China's biggest airlines hopes to improve its safety record after suffering a crash and a hijacking in the past 15 months. China Southern Airlines, which is soon to seek listing on an overseas stock market, will invest heavily in raising the quality of its pilots, management and installations, an official said Monday.

An outbreak of spinal meningitis has killed at least 28 people in Nigeria's northern Plateau state, state radio said on Monday. It said a team of medical experts and 10,000 doses of vaccines had been sent to the

# NAMES: Bumbling Spells Trouble

Continued from Page 1

other G-7 delegates. At a meeting during the North Atlantic Treaty Organization summit meeting in Brussels in January, Mr. Clinton praised Mr. Delors for his White Paper on unemployment. He then invited Mr. Delors to Detroit, sending aides to the two scheduled delegates from Brussels — Economics Commissioner Christophersen and Employment Commissioner Padraig Flynn — into a protocol nightmare.

The Clinton administration's protocol solution is to invite Mr. Delors as the president's guest on the morning of Monday, March 14, and for the European Commission chief to then become the guest of Vice President Al Gore.

Aside from these issues, European officials also note that Washington has dropped a plan to include business and labor representatives

ing is structured more like a seminar than a summit meeting, which has left some Europeans scratching their heads and dismissing the U.S. initiative as what one termed "a talking shop." "The agenda is vague, and it has

been revised twice already," noted an Italian ministerial aide. A White House spokesman, answering some of the complaints,

said it was not unreasonable to ask G-7 governments to pay for their hotel rooms. "At the NATO summit in Brus-

sels we paid our own way," he explained. He conceded that the agenda had changed, but said that was simply because "it was refined, depending on who was available to speak." As for the misspelled names: "I'm not going to get into that," he said.

There is at least one consolation for some of the stuffier Europeans: The reservations office at the 73at the conference.

The agenda, which begins with an address by Mr. Clinton, init still has plenty of rooms availcludes sessions on the world em- able, with prices for a single room ployment problem, technology and starting at just \$145 a night. Ministre private sector and labor marters beware, however: A strite can

Away From Politics

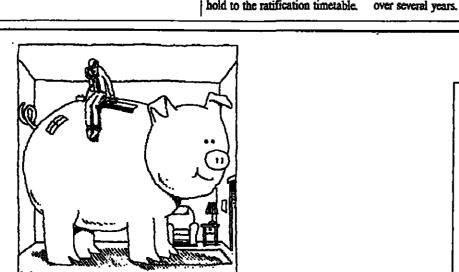
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• A man who accused Cardinal Joseph Bernardin of

**Away From Politics** 

on Capitol Hill, a Clinton backer.

sexually abusing him in the 1970s dropped his lawsuit against the prelate on Monday. Steven J. Cook, 34, of Philadelphia, told a Cincinnai court the now realized his memories of the alleged abuse that the cardinal were unreliable. He said those nemories arose during and after hypnosis.

 Blaming Jews for Christ's death, Louis Farrak-han, a Black Muslim leader, said in Chicago that white people were created by God for a special, evil purpose. Mr. Farrakhan, leader of the Nation of Islam, also attacked leaders, black and white, who had sided against him in his recent battles with the Anti-Defamation League of B'nai B'rith.

The federal Brady gun law took effect Monday, turning firearms dealers in 32 states into a first line

in Mr. McDermott's plan, the federal government would define the standard benefit package - which would include such extensive benefits as long-term

pay for medical care.

nursing-home care - and people would pay for it through a payroll deduction. Employers would pay 8.4 percent of payroll small employers 4 percent -- and employees would

pay 2.1 percent of wages or salary. Mr. McDermott argues that most people would end

up saving money under this plan because it would replace what is currently paid to insurance companies — including huge administrative costs.

of defense to keep felons from buying handguns. The dealers, who enjoyed brisk sales in anticipation, were quick to criticize newly required, expanded or reinforced background checks.

Threatening to blow himself up on a Potomac River bridge near downtown Washington, a man finally surrendered Monday after a six-hour standoff that blocked a major traffic route. Police threw a net over Sadiq Abubakar, Nigerian-born, and shoved him into a van after he got out of his gray Mercedes sedan, which had been blocking the 14th Street

 Cape Canaveral ground crews began a three-day launch countdown for the shuttle Columbia. poised to lift off Thursday for two weeks of garden-variety science and technology research.

# Long-Ignored U.S.-Russia Struggle: Economic Rivalry

By Thomas L. Friedman New York Times Service

\* POLITICAL NOTES\*

NEW YORK - In recent days the phone in the East Harlem

office of City Councilman Adam Clayton Powell 4th has been

ringing more frequently, and the stream of visitors has considerably

thickened. The interruptions come from people offering advice to

Mr. Powell as he considers whether to run for Congress against

If Mr. Powell does run — something he says he is seriously considering — it would produce a political battle with passions that

have smoldered for nearly a quarter-century. It was 24 years ago that Mr. Rangel unseated Mr. Powell's father, Adam Clayton Powell Jr.,

ending the career of the man who was once the nation's most

It would also provide Mr. Rangel with the first serious opposition he has faced since that election. Both men are Democrats. "Some people think I'm running to pay back Rangel," said Mr. Powell, sitting in an office filled with memorabilia of his father, who died in 1972. "But if I run, it will be because I want to bring better

representation to this district, better accountability and better lead-

If Mr. Powell runs, the parallels to the earlier race would be inescapable. In 1970 Mr. Rangel was a 40-year-old political neo-

phyte in the State Assembly when he defeated the famous congress-

man who was 61 at the time, in one of the most bitter elections in

In that campaign Mr. Rangel accused Mr. Powell, who had

previously been the chairman of the House Committee on Education

and Labor and was still the dominant figure in Harlem politics, of

neglecting his district. Before that race, Mr. Powell rarely had

and Means Committee and is one of the most influential members of

Congress. In the younger Mr. Powell, 31, he would face a relative

newcomer to the City Council who hopes to capitalize on voters'

frustration with incumbency and who asserts that the Harlem congressman has done little for his neighborhood. (NYT)

All the News That's Fit to Print on Perot

NEW YORK - Ross Perot, according to Micah L. Sifry, may be

either the catalyst for an important new social movement or "a dictator in waiting." Either way, Mr. Sifry figures, there ought to be a market for a newsletter about the billionaire and his movement.

The result: The Perot Periodical, a quarterly that The Columbia

Journalism Review recently dubbed the classiest of a new crop of niche political publications. Others include The Clinton Chronicle, a

monthly tantrum against the commander in chief, and Stephanoponletter, the newsletter of the George Stephanopoulos Fan Club.

Mr. Sifry is now working on the third issue of The Perot Periodi-

cal. And in case readers don't get the point, the newsletter with the caricature of Mr. Perot as an "albino monkey in a zoo" is not

authorized by the former presidential candidate.

Mr. Sifry says the heart of his effort is to chronicle a movement

that is being overlooked by major news organizations. He says Mr. Perot may have been prematurely declared "washed up" by Wash-

North Gets a Rude Reception at College

WASHINGTON — Oliver L. North was heckled and repeatedly

interrupted during a speech at a Maryland college as students

interrupted during a speech at a Maryland college as students accused him of lying and being biased against homosexuals.

Mr. North, the former Reagan administration aide and Irancontra figure who is seeking the Republican nomination for the U.S.

Senate from Virginia, responded politely to the hecklers at the appearance at Towson State University near Baltimore. Although several in the crowd criticized Mr. North for opposing plans to allow homosexuals to serve in the military, most of the 300 audience

Allowing homosexuals to serve in the military "is destructive of the readiness of the armed services," said Mr. North, a former

Prime Minister John Major of Britain on the shooting down of

Tug of War Over Health Care

Proponents of Canadian-Style System Wield Influence

four Bosnian Serbian aircraft: "There was no reason for these planes to be there. They were there with hostile intent. They were given a

members cheered his stance.

Quote/Unquote

frankly they could expect nothing else."

By Robin Toner

New York Times Service

is a struggle for the soul of the president and his party, Representative James Cooper is yanking in one direc-

Mr. Cooper of Tennessee, young tribune of the New Democrats, urges President Bill Clinton to go slow, to

um away from the lure of big government even if it means forsaking the goal of universal coverage.

Mr. McDermott, an amiable liberal from Seattle,

who was practicing psychiatry while Mr. Cooper was

still prepping at Groton, urges the president to stay

committed to the goal of universal coverage - not

someday but now - and to recognize that a straight-

forward government insurance program like Canada's

Mr. Cooper is very hot in Washington. Mr. McDer-

mott and his cause - the less-than-grandly titled

single-payer movement — have been regarded by samy as a charming anachronism, the earth shoes of health policy.

In a recent meeting at the White House, Mr.

McDermott and some of his allies served notice that

It is, in fact, easy to underestimate the single-payer

influence in the House - and wrong, Mr. McDermott

has 90 Democratic co-sponsors for his health-care bill

Supporters of a Canadian-style health system are

scattered across the Ways and Means Committee, the

Education and Labor Committee, the Energy and

Commerce Committee, all places where they can make

They are the Democratic base for health-care over-

At the very least, they expect Mr. Clinton to live up

"It'll be the single-payer people in the subcommit-

tees who will keep universal coverage from being

phased in over 45 years," said a Democratic strategist

to his promise of guaranteeing coverage to all.

hand, a sturdy counterweight to efforts to push Mr.

their influence felt as the legislative process begins.

in the House, Mr. Cooper has 57 in both parties.

they were still very much in the game.

Right now, if you read the newspapers, you'd think it was Cooper versus the president," Mr. McDermott

is the best way.

Clinton to the right.

tion and Jim McDermott is pulling in the other.

WASHINGTON - If the struggle over health care

Marine officer.

Now, Mr. Rangel, at 63, is a senior member of the House Ways

significant opposition in his 22 years in Congress.

**Echoes of the Past in Hariem Politics** 

Representative Charles B. Rangel.

powerful black lawmaker.

Harlem's history.

WASHINGTON - The tension between the United States and Russia over the war in Bosnia and Russia's spying in Washington has raised the question in the minds of many: Just what is the relationship between America and Russia today? Allies? Not exactly. Enemies? Not really. Acquaintances? That's not it either.

Across Washington last week, officials, diplomats and lawmakers struggled with that question as Russia has engaged in more and more behavior that seems hostile to American interests.

At stake in the answer is everything from \$4 billion in American aid to NATO's willingness to accept Moscow into the alliance one day.

About all that is clear now is that the optimistic post-Cold War consensus in Washington about a "partnership" be-tween Russia and the United States seems

to be crumbling.

Even one of the leading advocates of American assistance to Russia, Senator Richard G. Lugar, Republican of Indiana, declared Sunday on an NBC News program: "We have to get over the idea that this is a partnership. This is a tough rivalry. and that is an important distinction to

The confusion over America's relationship with Russia grows out of the false

assumption that the United States had only one conflict with Moscow during the Cold War: the ideological struggle between de-

THE AMERICAS / THE COMPETITION OF STATES

mocracy and communism.

That was the struggle that received all the attention. But there was another, less obvious conflict, which existed before Russia became Communist in 1917 and still exists today: the natural competition be-

### **NEWS ANALYSIS**

tween states -competition for raw materials, economic wealth and security.

Russia, which occupying one-seventh of the world's land mass and is the home of 150 million people, will always be a vora-cious competitor for resources, whether it is led by a Jefferson or a Yeltsin.

It was easy to assume that once Russia abandoned communism and moved toward a free-market democracy, spying would end and an era of fraternity would begin. But Americans are now learning that after the competition of ideology ends,

the competition of states survives.

That is why Alexis de Tocqueville wrote in 1835 that history and geography would always make the Russian-American relationship complex: "There are now two great nations in the world which, starting from different points, seem to be advancing toward the same goal: the Russians and the Anglo-Americans.

plowshares, Russia's with the sword," he wrote. "Their point of departure is different and their paths diverse; nevertheless, each seems called by some secret desire of Providence one day to hold in its hands the destinies of half the world."

The nature of the rivalry in the immediate future will depend a great deal on how Russia defines itself. Will Russia define itself as a pure democracy, like Britain or France, and therefore limit its competition with the United States to the economic sphere? Or will it define itself differently?

That definition, said Daniel Yergin, an economic historian, will depend on the outcome of three transitions under way in Russia: a transition from Communist dictatorship to democracy, from a planned economy to a free market and from an empire to a nation-state.

All three of these transitions are incomplete, and none is assured of a happy end-ing — as events like the release in Moscow on Saturday of hard-liners who plotted the overthrow of President Boris N. Yeltsin

only underscore.
"Until two and half months ago," Mr. Yergin said, "there was a complacency in the United States that everything was set-tled and behind us, and that while Russia was interesting, at times confusing, it didn't really matter much - it was on "But that American consensus has bro-

ing and re-articulation." Clearly understanding that Russia is still up for grabs, President Bill Clinton, has

about relations with Moscow, based on a economics continues apace in Moscow, or more hard-headed reading of politics there. At a news conference on Friday, Mr. Clinton said: "What I think is naive is the suggestion that we should have ever believed for a moment that every event in Russia and every speech made by every understanding he can afford to be of Mos-Russian politician in every election of every as Russia goes through the painful ery member of parliament would somehow process of defining itself as a state. be in a constant straight line toward a goal that we wanted to predetermine. This is not black and white; this is gray."

Mr. Clinton argued that the United States should continue giving aid to Russia to increase the likelihood that the liberal reformers there would win and be the ones to define the America-Russia relationship.

"It is in our national interests to continue working with Russia, to lower the nuclear threshold, to support the development of Russia as a peaceful democracy," Mr. Clinton said. Virtually all American foreign aid to Russia, he said, is intended to go to grass-roots projects to privatize stateowned businesses and toward building democratic institutions, dismantling nucle-

ken down, and it is now in need of rethink- should be continued, he indicated, no matter what happens in Moscow.

But as logical as that view may be, it will not be easy to sustain if the drift toward begun to try to build a new consensus nationalism, pan-Slavism and populist

if more Russian spies are uncovered at the That is the kind of drift in sentiment that Mr. Clinton now finds himself fighting. But the question for Mr. Clinton is how

On one hand, he does not want to drive Moscow to extremes by being too tough, say, by expelling all Russian intelligence agents from Washington. On the other hand, being too tolerant, as he may have been when Russia intervened this month in Sarajevo on behalf of the Serbs, can en-

courage the worst instincts in Moscow. Russia's intervention in Bosnia seemed to be driven more by a resurgent ethnic sympathy for the Serbs than by any sense of global responsibility.

"What I always keep in mind," said Representative Jim Leach, Republican of Iowa, "is that there is no expert on the decline and fall of Communism, No one has been through this. We are all learning ar missiles and helping a market economy to take hold in individual cities.

as we go along, and so are the Russian people."

# **High Court Agrees** To Rule on Law on **Child Pornography**

WASHINGTON - The Su-

preme Court agreed Monday to decide whether a federal law used to prosecute people for dealing in child pornography violates freespeech rights.

Setting the stage for an important ruling, the court said it would consider reinstating a California man's conviction for distributing sexually explicit videotapes featuring a 15-year-old girl.

A federal appeals court threw out the conviction of a Los Angeles porn-shop owner, Rubin Gottesman, and his one-year prison sentence, ruling that the law used to prosecute him was unconstitutional because it did not require the government to prove he knew the girl was under 18.

In seeking Supreme Court re-view, administration lawyers said the appeals-court ruling thwarted efforts to crack down on child pornographers in nine Western states.

The justices will hear arguments in the case next fall at the earliest, Their decision is not expected until

tement Video, was convicted of selling more than 100 Traci Lords

In fact, after Mr. McDermott's meeting with the president and his health advisers last week, the con-

gressman declared, "I think the president understands

that he cannot pass any version of health reform

without our votes, and that he is not going to get our

votes by simply making more compromises with those who do not share his basic goal of universal health

At best, they hope that the sheer complexity of the

Clinton plan - with its quasi-governmental insurance

purchasing pools and its mix of market and regulatory

Mr. McDermott said: "I think that ultimately the

But will it be more like Mr. Cooper's, or more like

president will sign a bill that will be quite a bit

"We have this belief in this country that government can't do anything right," he says. "We've had 12 years of people selling that idea from the White House."

That, in mm, leads to a conviction that a single-

payer system is "politically not doable." Mr. McDer-

mott argues, a determination that the administration

The congressman said, The president has so much

power to shape public opinion, and he's so good at it. I think he could have sold single-payer. I really, honest-

There have been many versions of single-payer

systems proposed over the years. The main character-

istic is that the government essentially replaces the

health-insurance companies, doing away with private

insurance premiums, raising taxes and using them to

forces - will drive new supporters into their ranks.

"More like us," Mr. McDermott asserts.

insurance coverage for all Americans."

different from what he produced."

tapes to an undercover Los Angeles policeman in 1986.

Miss Lords was already a wellknown pornography starlet when it was discovered in 1986 that she had started in many of her sex films

That revelation spurred distributors and video dealers, fearful of child-pornography prosecutions, to pull her tapes from their shelves, cancel orders and remove posters. The Adult Film and Video Association assessed the damage to its industry in the millions of dollars.

For selling the Traci Lords tapes, Mr. Gottesman was sentenced to a year in prison and three years probation. His business was fined \$100,000.

But the 9th U.S. Circuit Court of Appeals overturned his conviction in late 1992.

The appeals court said a law banning distribution, shipping or receiving child pomography must make prosecutors prove the defendant knew that at least one of the performers was under age.

the federal law used to prosecute Mr. Gottesman does not.

a crime for anyone to "knowingly" transport or ship child pornography. The appeals court said the law was not only aimed at defendants who knew the material involved a minor, because the word "knowingly" modifies only the terms "transports" and "ships."

The law at issue, in part, makes it

In other actions, the justices: • Turned down an appeal by Jimmy Hoffa's daughter, who is trying to get FBI files about the 1975 disappearance of the former Teamsters' Union president. • Rejected an effort to have the

high court use an Illinois case to decide how far states may go in protecting fetal life. • Refused to free New York

from having to comply with federal labor law and compensate its state police investigators for overtime

# 

Mourners in La Morelia, Mexico, carrying the remains of three men who disappeared on Jan. 7 during the uprising in Chiapas state. Townspeople said they were taken away by soldiers. The remains were found near the town on Feb. 10. The army denies involvement.

# The Constitution's free-speech protections require that knowledge, the appeals court said, and Mexico Charts Radical Electoral Reform

By Tod Robberson

Washington Post Service
MEXICO CITY — The government of President Carlos Salinas de Gortari has decided to embark on a series of radical national political reforms before presidential elections in August. in response to the peasant rebellion in southern Mexico, according to senior government

Although the government said the proposed changes were not the direct result of peace talks under way in Chiapas state with the rebel Zapatista National Liberation Army, officials conceded that the uprising had given a new sense of urgency to the agenda for political

Such changes have been a major rebel demand since the uprising began on Jan. 1 and have long been goals of opposition parties to the left and the right of the governing Institutional Revolutionary Party.

The changes, if carried out as promised, would mark a major shift in Mexican politics as practiced over 65 years of uninterrupted gover-nance by Mr. Salinas's party, creating the possithe party's hold on power.

in the past, the government frequently has promised to end electoral fraud, particularly since Mr. Salinas took office in 1988. But it has not corrected abuses at the polls by its mili-The sources, with direct access to Mr. Sali-

nas's plans, said he had decided to present a package to a special legislative session, possibly convening as early as this week. It will include, they said, placing international election observers at polling stations, giving all political parties coual time in the media and putting the Federal Electoral Institute under nonpartisan direction. The adoption of the package would be almost automatic in the government-controlled legisla-

Until now, the Electoral Institute, which sets election rules and verifies all voting results, has been directed by members of the governing

party apparatus. Opposition parties have argued that one-

party governance over the last six decades has made a mockery of Mexican democratic ideals.

Although non-Mexicans have been allowed

bility that the August elections could jeopardize to observe previous elections, they have never been officially recognized, nor have their observations on electoral irregularities been taken into account in certifying election results.

"Chiapas was a wake-up call for the government," said John Bailey, a Georgetown University political scientist and Mexico specialist. "It made them realize they don't control things the way they thought they did."

■ Rebels Denv Peace Is Near

Maya Indian rebels denied they were close to peace with the government and said they would not end their uprising until national democratic reforms were carried out, Reuters reported from San Cristóbal de las Casas, Mexico.

The leader who calls himself Commander Marcos said that peace negotiations with the government envoy, Manuel Camacho Solis, were still at an early stage and that all debate over land, electoral and judicial reforms was at

His comments late Sunday night contradicted an earlier, upbeat report by the mediator in the talks, the Roman Catholic bishop of the San Cristobal diocese, Samuel Ruiz.

# Texas Cult Verdict: The Jury Faulted Both Sides

By Sam Howe Verhovek New York Times Service

SAN ANTONIO, Texas - John C. Willis lost his only son, Steven, 32, an officer with the Federal Bureau of Alcohol, Tobacco and Fire-

arms, one year ago.

But after months of painful searching for the truth of what happened on the Texas prairie that day, even he saw something appropriate in the mixed verdict delivered by a federal jury in the trial of 11 Branch Davidians accused of murdering his son.

The jury acquitted all 11 of murder and conspiracy, but it found seven guilty of the lesser but still serious charges of manslanghter or illegal-weapons possession. Four cult members were completely acquitted.

"I certainly think that the most guilty, the ring leaders and lieuten-ants, died in the flames of that compound anyway," said Mr. Willis, who attended the trial in San Antonio. Then, referring to leaders of his son's agency, he added, "People make mistakes. That's been documented."

At the end of the seven-week trial, the jury of eight women and four men sent an all but unmistakable message that there was significant fault on both sides.

And it issued a verdict that, far from settling once and for all what happened that day, will only deepday, five weeks after her acquittal en some of the mysteries of Waco on reason of insanity for cutting off and perhaps ensure that the whole her husband's penis. episode will be revisited in yet another courtroom, agreed with a psychiatric report

Prosecutors have not ruled out bringing other charges against the defendants or other members of the those who died in the Feb. 28, 1993, shoot-out or the fire that destroyed the compound on April 19 said through their lawyers that they might bring civil charges against

And in Washington, an official said that the Justice Department was still evaluating whether to bring criminal charges against officials at the firearms agency who botched the raid and then, according to a review last fall, lied and covered up evidence while an inves-

tigation was under way. Federal marshals physically blocked reporters Saturday from approaching the jurors, whose names have never been disclosed. and no members of the jury volunteered any comments.

But if their verdict was mixed, it seems to have been so for obvious reasons. Had it fully accepted the prosecution arguments that all the Branch Davidians at the Mount Carmel compound in Waco had one thing, it was always evident 1,000 pieces of evidence, the trial conspired to lay a "murderous am- that most or all of the people." never conclusively provided an-

MANASSAS, Virginia - A

judge ordered Lorena Bobbitt re-

leased from a mental hospital Mon-

Judge Herman A. Whisenant J.

that Mrs. Bobbitt posed no threat

to herself or others.

defendants guilty. Had it been swayed by the de-

fense lawyers' contention that members of a quiet, law-abiding religious sect had acted purely in self-defense, all the Branch Davidians would have walked out of the courthouse. Instead, though, even as the ver-

dict was widely seen as more of a victory for the defense, both sides could properly say afterward that they had made a point.

There were plenty of other questions unanswered by this trial. For

Judge Frees Lorena Bobbitt From Hospital

receive therapy and requested up-

The jurge followed recommendations from a state-appointed

psychiatrist and psychologist who evaluated Mrs. Bobbitt. She was

ent to hospital immediately after

the Jan. 21 verdict in the attack on

Judge Whisenant also said she

could not leave Virginia without

her husband, John, last June.

He ordered that Mrs. Bobbitt permission of the court and the

dates on herofrogress.

bush" on the agents, it would have trial were not in David Koresh's swers for a key question to had abundant reason to find all the inner circle.

Swers for a key question to the the first Feb. 28, ould have

And so there was no way to interpret the verdict as any kind of victory from the grave for David Koresh, whom prosecutors compared to Hitler and Stalin and whom various defense lawyers referred to as paranoid, delusional or

Had Koresh ever been put on trial for the events of Feb. 28, the verdict concerning him may no have been mixed.

He would presumably has had contend for instance tin the The veteran prosecutor in the case, Ray Jahn, an assistant U.S. attorney, noted that seven of the II defendants had been held to account by the jury. And, he said, the verdict had demonstrated something else: "The place to resolve a dispute with a law-enforcement officer is in a countroom not at the ficer is in a courtroom, not at the barrel of a gum."

for Go. you can't die for God."

Depite, or perhaps even because

of Testimony from 130 witnesses nd the introduction of more than

local community service board that

dor, had expressed interest in visit-

ing her parents in South America.

successfully prosecuted both Bob-

bitts, said Mrs. Bobbitt could re-

main under control of the court

ly, ought to have complete control

over her," Mr. Ebert said.

"I think the court, at least initial-

indefinitely.

Mrs. Bobbitt, a native of Ecua-

Paul B. Ebert, whose office un-

will supervise her rehabilitation.

believe.

Branch Davidians, ould have eventually surrenced their home authorities not shed their home with tear gas, just how the deadly fire that uned the compound

ly fire that are the compound into ash got started April 19.

Eve outside the courtroom, the two des were still arguing. Chal-

on of the Branch Davidians' ac-

tion as a "murderous ambush," Mr.

Jahn, the prosecutor, snapped:

"It's a free country. I can say what I

ed about his continued descrip-

Great for Health Alternative therapies, mora, ionized oxygen and others.



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# 'Indisputable Violation,' NATO Asserts

By William Drozdiak Washington Post Service

PARIS - NATO's first brush with combat in its 45-year history was strongly endorsed Monday by its 16 member governments, who said that U.S. fighter pilots were fully justified in destroying four Serbian aircraft that violated the no-flight zone over Bosnia-Herze-

Governments in Bonn, London, Paris and other European capitals declared that the Serbian planes committed "an indisputable violation" of United Nations resolu-

tions banning flights by fixed-wing A hostile reaction by Moscow, tary action in the European theater aircraft over Bosnian territory.

A hostile reaction by Moscow, tary action in the European theater they said, could have solidified a under allied command. "I believe we could not avoid

enforcement of the UN resolutions ern governments have been wary of which have been approved," said Prime Minister Edouard Balladur of France. A French Foreign Ministry

spokeswoman said "it was the most serious violation" of the no-flight zone and required that "the international community show its re-Officials at NATO headquarters

in Brussels said they also were gratified by Russia's initial response expressing support for the down-

they said, could have solidified a under allied:command "Slavic solidarity front" that Westprovoking because it could possibly entangle outside powers in the ducted on an ad hoc basis, and Balkan ethnic conflict.

While cautious about saying or doing anything that could inflame mand is still suited to contempothe fighting, European officials said they were relieved that NATO's military command had finally vindicated its credibility by passing through a baptism of fire.

As a defensive alliance conceived to thwart a Soviet-led invasion of Western Europe, NATO forces had never, until Monday, taken mili-

during the NATO summit conference in Brussels last month. President Bill Clinton warned his peers that unless NATO was prepared to honor its commitments through military action, the credi-BRITTAN: China Warned for Threat on U.K. Trade bility of the alliance would dissi-

The Gulf War and other military

actions by the United States and

European governments were con-

many experts have questioned

whether NATO's military com-

rary regional conflicts such as the

The alliance's willingness to em-

ploy force to back up its threats

was the principal subject of debate

Balkan war.

Any satisfaction over the downing, however, was tempered by anxiety that it could escalate the fighting after the recent lull that coincided with NATO's latest ulti-

In the aftermath of a massacre at the Sarajevo market three weeks ago, the allies threatened to carry out air strikes unless Bosnia's Serbs relaxed their siege of the Bosnian capital by turning over their heavy artillery to UN control or pulling the weapons back to a distance of 20 kilometers.

Foreign Minister Douglas Hurd of Britain said the downing made the frustrating quest for a political solution all the more urgent. His view was echoed in other capitals and by the international mediators Lord Owen and Thorvald Stolten-

Their spokesman, John Mills, said the incident "should not be used by any of the parties to dis-tract from the pressing need to neotiated a settlement to the conflict

But Mr. Mills said there were no ble agreement on the partition of country among Serbs, Croats

the European allies, the United States and Russia have started to take a more assertive role in the nizations allowed to install dishes and banning most individuals from tuning into foreign broadcasts, Reuters reported.

The rules, from the Ministry of Partie Thereign and Using Satellite ground reception facilities," the People's Daily negotiations. But the higher profiles of the U.S. envoy, Charles E. Redman and his Russian counterpart, Vitali I. Churkin, have not brought any discernible progress toward an overall peace agreement.

A file photo of a G-4 Super Galeb light attack warplane, similar to the four shot down Monday over Bosnia by NATO fighters.

# Serbian Super Galebs Are No Match for F-16s

LONDON - The four Galeb aircraft shot down Monday by NATO fighters over Bosnia were part of about 37 fixed-wing war-

planes owned by Bosnian Serbian forces.

The Bosnian Serbs also possess 37 military helicopters, according to the Military Balance handbook produced by the London-based International Institute for Strategic Studies. A Yugoslav-made trainer and ground attack aircraft, the G-4 Super Galeb, or Seagull,

can be fitted with 23mm cannons, Aphid airto-air missiles and Maverick air-to-surface missiles, as well as standard bombs, cluster bombs and rockets.

But as a subsonic aircraft the Galebs are no match for the American F-16s that shot them

Before the old Yugoslavia fell apart, the Galeb — which has also been supplied to Burma — was made at the Soko factory at

of war in April 1992. The International Institute of Strategic Studies indicated that the Bosnian Serbs' air forces consist of the following:

About 20 G-4 Super Galeb and Yugoslav-Romanian built Orao 1 ground attack aircraft; 5 Soviet-made MiG-21 and 12 Yugoslav-made Jastreb attack aircraft, and 12 Soviet-made Mi-8 and 25 Yugoslav-made SA-341 Gazelle helicopters.

CROATIA

HUNGARY

### which China regards as a renegade its governor. Chris Patten, to widen province, in order to rebuild relaan bloc would take against China if

Continued from Page 1

Beijing's strategy of opposition to electoral reforms in Hong Kong included the singling out of British trade interests for retribution.

But the stance taken by a man frequently mentioned as a successor to the president of the European Commission, Jacques Delors, if tested by China, would challenge a trend of warming relations between Beijing and several of the most powerful EU countries.

Drawn by the prospect of increased trade and investment opportunities in the booming Chinese economy, France and Germany, and Italy and Spain to a lesser extent, have made significant efforts to improve ties with China. In January, France reversed its policy of selling arms to Taiwan,

Continued from Page 1

U.S. agenda. Mr. Wei recently pub-

lished a commentary in the Hong

Kong-based Eastern Express news-

paper warning that for Washington

to retreat on its human-rights de-

mands would convince the Chinese

that "the image of the U.S. the Communist leadership has peddled

to them for all of these years is

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tions with Beijing. Chancellor Helmut Kohl of Ger-

many returned from a state visit to Beijing in November 1993 with a sion to press forward with electoral bundle of deals for German industry that will total \$3 billion if all the agreements signed on that trip come to fruition.

Spain and Italy announced in December 1990 their intention to. renew aid and loans to China. Improving political relations have been instrumental in an increase in China-EU trade to \$26 billion last year, 50 percent more than in 1992 according to Miss

During the same period, China airport for the colony and a bid by one can stop this process."

- like the Japanese - the Ameri-

cans do not care about violating

their consciences to make a quick

Mr. Wei, 43, was a leading figure in the 1978-79 Democracy Wall

Movement, which was crushed

when it seemed to threaten the par-

Beijing published details Mon-

Radio, Television and Film, were said.

television, strictly limiting the orga-

■ Curbs on TV Dishes

Wu's statistics.

ty's control.

the voting register for 1995 elec-tions to the local legislature, the last to be held under British rule. In response to Mr. Patten's deci-

reforms that China had rejected in lengthy negotiations, Beijing decided Monday to release its version of the fruitless but secret discussions. "The British side has unilaterally

made public the content of the talks, distorting and attacking the position of the Chinese side in an attempt to shirk the responsibility of sabotaging the talks, the offi-cial press agency Xinhua quoted a Foreign Ministry spokesman as saying. "The British side deliberately sabotaged the talks. Hong and Britain have been mired in dis-putes about the financing of a new land's embrace in due time, and no

their work, the rules say.

can install dishes. The only residen-

tions are those built expressly for

CHINA: Dissident Tells U.S. to Stand Tough on Rights published in the official People's in Bosnia-Herzegovina."

The only units allowed to receive overseas television via satellite are such high-profile public institutions as financial, media and educational organizations that have a direct need for the information in Tourist hotels must carry a rat- and Muslin ing of at least two stars before they

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# PLANES: NATO Downs 4 Jets in Bosnia

Continued from Page 1

senior NATO military officers said, the overwhelming majority of the violations that NATO detected had been occasional helicopter flights by the various sides.

"This is the first time we've seen warplanes plans to summon leaders of Bos- there," a NATO officer said. "We have not nia's warring factions back to the taken action before because we didn't want to bargaining table in Geneva in the shoot down a helicopter full of women and absence of any firm signals that children on a medical evacuation flight. Tothey were prepared to reach a via-day's is the first significant military violation

Alliance officials said they did not need to get clearance from UN peacekeeping com-manders on the ground in Bosnia before autho-rizing the F-16s to open fire because they already had that authority under the operation enforcing the no-flight ban. Called Operation Deny Flight, it involves 4,000 military personnel from 12 allied countries.

The NATO officer in charge, U.S. Admiral Jeremy M. Boorda of the Allied Forces Southern Europe command in Naples, said that just prior to shooting down the planes, the flight leader of the NATO patrol saw the Bosnian Serbian planes "make a bombing maneuver and caw explosions on the ground." Admiral Boorda said UN forces on the ground had unconfirmed reports that the bombers had hit a storage facility and a hospital.
"We hope that this will be the final such

incident in a tragic war," Admiral Boorda said.
"If it was a test, I think we passed the quiz." Other NATO and UN officials in Zagreb, had bombed a Muslim-controlled munitions

factory at Novi Travnik, about 70 kilometers southeast of Banja Luka.

Both the bombing and NATO's response were unprecedented in the two-year history of

the war in Bosnia. NATO, the European Union and the Europeans' military arm, the Western European Union, have repeatedly threatened to use force if the Bosnian Serbs and, lately, the Croats did not stop shelling civilians or preventing the flow of UN humanitarian aid.

NATO issued a 10-day ultimatum on Feb. 10 warning of air strikes if the Bosnian Serbs did not withdraw heavy weapons beyond a 20kilometer zone around the Bosnian capital, Sarajevo, or turn those remaining in the zone over to UN control. After Russia asked the Bosnian Serbs to do the same and sent in a 400soldier peacekeeping force, the Serbs complied.

But the manner in which they did was hardly ibmissive. The Russian entry into the Bosnian Serbs' capital in Pale was more like a triumph.
Many Bosnian Serbs thought that they, with
Russian help, had scored a victory against
NATO, not that the alliance had finally forced them to stop the siege of Sarajevo.
Allied officials defended the attack Monday,

which was carried out by F-16s based at Aviano Air Base in northern Italy.

"If the international community and the United Nations want to make their desire to ensure global security and order credible, they cannot avoid using force," said Defense Minister Fabio Fabbri of Italy.

The German foreign minister, Klaus Kinkel. said, "I think if it was the Serb side, it will become clear for the participants that it's seri-

ATTACK: A Clear Sign From the West of a Transformed Role in Bosnia

Areas of control Muslim Croatian Serbian

ous when measures agreed by the Security Council — in this case the 'no-fly' zone — are infringed.'

But in Russia, the reaction of Vladimir V. Zhirinovsky, the extreme nationalist whose par-ty fared well in elections last December, was more critical.

"NATO is behaving badly," he said. "They will have to answer for that." As a precaution against retaliation by the Bosnian Serbs, the United Nations halted aid flights to Sarajevo and suspended convoys after the military action, according to Alemka Li-sinski, a spokeswoman for the UN High Commissioner for Refugees in Zagreb.

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### Travnik, appeared to be part of an away at the cease-fire accord -

LONDON — Environment Vinister John Gummer said Monday that he had quit the Church of

Continued from Page 1

intelligence service spokesman,

Russia further underlined its de-

sire to put U.S.-Russian relations back on track when it issued a

statement supporting the downing

by U.S. fighter planes of four com-

bat aircraft violating the United

Nations designated no-flight zone

In the past, Russian officials

have warned against military ac-

Yuri Kobaladze.

over Bosnia.

munity is ready to enter the war on

UN officials said the Serbian

flights Monday, which included the

bombing of a weapons factory out-

a special ceremony on Sunday. He is the second government minister to leave the church, which has also been abandoned by more than 100 priests over the controversial decision. The Vatican said last week

blast their way through three stra-

attempt by Serbian forces to chal- employing a time-tested strategy in lowing them to run trains from Serlenge NATU's enforcement of the the Balkans of agreeing to everythe side of the Sarajevo government, that could also jeopardize the

of the cease-five around Sarajevo to

the ground.

The management of the reneging on the major sero-held
the paragraph of the reneging on the country of the cease-five around Sarajevo to

the ground.

tegically important Muslim areas in the northern half of Bosnia. In Sarajevo, officials said Serbiside of the central Bosnian city of an forces had slowly been chipping

### A British Official Quits The Church of England

England in protest against its deci-sion to ordain female priests and had become a Roman Catholic.

Mr. Gummer said he had been received into the Catholic church in 200 priests who wanted to convert. southern portion of the pocket, al-

sibility for violating UN rules.

A senior Russian official said the

the intelligence service, a successor of the KGB, has done a poor job of

gathering information on Mr. Yelt-

sin's political opponents since be-

fore the uprising against him last

move had long been expected, since jail on Saturday.

intelligence chief.

But the biggest challenge so far

to the United Nations has been Serbian attacks outside of Sarajevo. Over the past weeks, as Saraje-vo has enjoyed its first extended period of peace since the war be-gan, Serbian forces have moved a substantial amount of their big guns toward Bihac in the northwest, Maglaj in the north and the Yuzla region in the northeast.

UN peacekeeping officials re-ported that Serbian forces on the Grabez plateau near Bihac were blasting that enclave of 300,000 Muslims. The Serbian goal, accordthat it had received requests from ing to the officials, is to take a three Anglican bishops and 150 to railroad link that runs through the

olution granting amnesty to the leaders of the October uprising.

ders to the contrary, those oppo-

Since then, senior officials have

"The whole presidential admin-

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istration is in disarray," a Western

nents walked triumphantly out of

been squabbling in public about who is to blame for the fiasco.

**London Advises** Athens to Lift Its Macedonia Curb

breakaway Serb state in Croatia.

bia to most of the ma

ATHENS - Britain, reflecting European Union anger with Greece, advised Athens on Monday to lift its trade embargo against the former Yugoslav republic of Macedonia and to resume talks on the two-year-old dispute with its

Foreign Secretary Douglas Hurd said he was expressing the general view of Greece's 11 EU partners. which have condemned Athens RUSSIA: U.S. Diplomat, Named as Agent, Expelled since it imposed the trade embargo on Feb. 16.

He conveyed the blunt message to Foreign Minister Karolos Pa-No official explanation was giv-en of Mr. Yeltsin's dismissal of Nikolai M. Golushko, his domestic

leaders of the October uprising.

Despite what one semior official
said were Mr. Yeltsin's direct orpoulias and Defense Minister Gerrasimos Arsenis. He was due to meet Prime Minister Andreas Papandreou later.

"We understand the anxieties and concerns of Greece," Mr. Hurd said. "They have been expressed to us over many months." But he added: "They do not in our opinion justify the Greek measures, which harm the former Yugoslav republic of Macedonia, are, in our view, illegal and certainly harm to the reputation and authority of

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# tion they say could escalate the fighting in the former Yugoslavia, but the ministry said Monday the Dissatisfaction may have come Mr. Yeltsin earlier had instruct-to a head when Mr. Golushko, ed Mr. Golushko to completely rebut the ministry said Monday the along with other top officials, organize the intelligence service. INTERNATIONAL CLASSIFIED

diplomat said.

destroyed aircraft bore full respon- failed to block a parliamentary res-

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### **Be Patient With Russia**

nía is seen by unreconstructed Cold Warriors in Washington as a dangerous reassertion of Russian nationalism. They suspect that his side deal with the Serbian aggressors is not the act of an evenhanded peacemaker but the adventurous gambit of an opportunist eager to resume a big-brother role in Serbia. They argue that the time has come for Bill Clinton to get tough with Moscow and slow his efforts to construct a more cooperative relationship. This is a prescription for trouble that springs from a misreading of Russia's politics.

It is true that President Yeltsin is under pressure from ultranationalists like Vladimir Zhirinovsky. It is also true that he cannot easily domesticate renegades from the military and the KGB who seek to reassert themselves in Moldova, Georgia and the rest of the former Soviet empire. Mr. Yeltsin's state-ofthe-union speech on Thursday, in which he called a "strong" Russia the "real guarantor of stability" in the former Soviet Union, also seemed to signal a new Russian assertiveness.

But his words do not mean that he has retreated into chauvinism. He is seeking to redefine Russia's role in the world - an effort that deserves U.S. support. Punishing him by curbing cooperation would only improve the political prospects of exactly the wrong people.

Nationalism is rapidly filling the vacuum of values in Russia. There are two competing nationalisms - Mr. Zhirinovsky's vengeful vanety and a less primitive brand preached by reformers around Mr. Yeltsin. The reformers know that the empire-rebuilders are out to destroy democracy and reform. They also know that democracy requires a foreign policy that Russia's people can support. They are struggling to formulate a new, more defensible definition of Russia's interests abroad. As that struggle plays out, Washington may have to learn to live with a more assertive Russia not always in tune with American interests. That is preferable to exacerbating a nastier nationalism that is directly antagonistic to them.

Vengeful nationalism does not now command wide popular support. Many Russians prefer to shed the burden of empire. The trouble lies with the imperial ambitions of the military and the KGB. Perhaps the United States can do little about any of this. But it needs to look for ways to help Russian reformers tame the ultranationalists.

The first step is a cool appraisal of what Mr. Yeltsin is up to. His modest sortie in Bosnia, for example, seems designed to defuse nationalists who would prefer massive intervention on Serbia's side. Mr. Yeltsin is no ally of Serbia's Slobodan Milosevic, who backed the 1991 coup against him. Washing-ton may be wary of his support for Serbia. but it cannot exclude Moscow from the making of a Bosnia settlement. To isolate Russia or treat it like a defeated power would only

bolster the nastiest of nationalists. Moscow's ties to ex-Soviet republics will be slow to dissolve. But blaming Mr. Yeltsin for the acts of renegades in Moldova and the Caucasus may only hamper his efforts to control them. The United States can try, instead, to engage Russia's military on everything from joint peacekeeping to joint planning on proliferation. The object would be to turn Russia's army into a force for peace, not for imperial restoration.

The virus of nationalism will have to run its course in Russia. A mild dose may inoculate it against killer strains.

- THE NEW YORK TIMES.

### A Test for Liberians

While world attention remains fixed elsewhere, Liberia's warring factions move closer than ever to converting their uneasy peace into a more just and lasting accord. Next Monday will provide the acid test. That is when Liberians demonstrate whether they have the capacity to bring their destructive four-year civil war to a close. If plans proceed as negotiated, African peacekeeping forces will be deployed throughout the country by Monday. That is also the day when a transitional government is to be seated and the lifting of arms from the combatants is to start. All of this is a necessary prelude to general elections now scheduled for Sept. 7.

Winning Liberian agreement to this calendar of events has taken some doing. With much international prodding, and with U.S. financial support, Liberia's mistrustful leaders are now sed to take the final steps toward healing their poor country's national wounds.

Whether they will stay on track is a major gamble. For the last three years, the Liberian factions have talked optimistically about the peace process — while simultaneously tearing their country apart. So whether this fragile peace can hold long enough to allow something more durable to take its place will depend on a spirit of magnanimity and a commitment to

have never displayed before.

One ominous development already threatens the agreement. Just as the Liberians seem ready to end the fratricide, their Nigerian and Ghanaian neighbors may be losing their willingness to be peacekeepers. Hard pressed politically and financially, both countries have complained about the burden of deploying troops to keep Liberia's guns silent. To share the load, Uganda and Tanzania have each provided one battation to augment the existing force. The good news is that additional peacekeepers help to internationalize the peace process. They have been added, however, to calm the fears of Nigerian domination held by the major combatant, Charles Taylor - who arguably is the principal reason why Liberia is in ruins today.

Peacekeeping has been largely bankrolled by the United States. But the Clinton administration, following the pattern of the Bush White House, seems shy about taking too visible a role in Liberia. For historical reasons, and by dint of American indulgence of the dreadful Doe regime, few countries have a greater claim on American concern than Libetia. If Liberians are willing to stay the course, America should help.

- THE WASHINGTON POST.

# Hostile Settlers Doom the Peace Prospect By Milton Viorst

WASHINGTON — The massacre of more than 40 Palestinians in Hebron on Friday underlines the need for Israel to undo the impact of the policy, in effect since 1977, of promoting Jewish settlement in the occupied territories.

Prime Minister Menachem Begin initiated the

program, reversing the policy of the preceding Labor government, which had limited settlement in order to preserve the option of trading the occupied territories for peace.

As the architect of a "Greater Israel," Mr. Begin

calculated that once he had enough Jews implant-ed in these lands, no government could possibly give them back. The current Israeli-PLO negotiating deadlock illustrates how effective he was. Whatever his reservations about the settlements, Mr. Rabin, when he signed on to the peace agreement last September, was compelled by the political power of the settlers to preserve the status quo.

The Oslo agreement requires Israel to end the rule of the Israeli army in the territories. Yet the settlers are totally dependent on the army. Clearly, Israel's pledge to the settlers is incompatible with the pledges made to the Palestinians as part of an Arab-Israeli peace.

The contradiction is the natural consequence of the rejection by the settlers of the principle of Palestine's partition, which was the basis of the United Nations vote in 1947 that created Israel. Partition prevailed until the 1967 war, when Israel occupied all of Palestine. The Oslo agreement proposes to restore it.

The settlers, however, proclaim that all of Palestine belongs to the Jews and say they will resist any Palestinian authority in the territories. A Knesset member who supports them has even asserted the right to shoot an Arab policeman who stops him for a traffic violation.

The gunman at Hebron, although obviously a

madman, emerges from this body of supernationalist ideology. Among the settlers he was an extremist, a fanatic — but ideologically he was not an anomaly.

To have a settler community living at peace under Palestinian role is not in itself unimaginable. But as long as the 130,000 living in the territories remain sworn enemies of Arab rule, they will be an insuperable obstacle to a Palestinian authority attempting to govern there.

The massacre in Hebron was not the first attempt by the settlers to wreck the transition to Palestinian rule by violence. They are the mirror image of the Palestinian extremists who are also committed to destroying the Oslo accord.

Israel and the PLO have both accepted an

obligation to suppress violence out of concern

for the security of all the residents of the territo-

ries. But controlling the settlers may be more

difficult than protecting them. It appears to be a burden that the Oslo accord cannot support. Surrounded by 2 million hostile Arabs, the settlements can survive only with the support of the army. The settlements themselves are safe enough - encircled by barbed wire, guarded by watchtowers, patrolled by sentries. But the settlers must leave their homes to go to work or to market, and their children must travel by car or bus to school. The army patrols the roads and has cov-ered them with checkpoints. It has built a network

of new roads to bypass the Arab population. Yet the roads remain an invitation to Arab extremists. Increasingly since 1987, when the intifada began, the army has defended the settlers with aggressive tactics largely rooted in intelligence acquired from Arab agents, often "recruited" by torture or extortion. Harsh collective punishment - round-the-clock curfews, undercover killings, home demolition, imprisonment - has become routine. Army raids on Arab towns and refugee camps have kept Arab society in disarray.

A few weeks ago, General Fluid Barah, Israel's chief of staff, admitted that the army would find it hard to safeguard the settlers if it had to adopt gentler tactics. As for safeguarding the Arabs, it has never had serious tactics at all.

What the Palestinians want more than anything else from the Osio agreement is to get the army out of their lives. They want the restoration of tran-quility, of "normality," in the territories. The presence of hostile settlers makes this goal unattainable. It dooms the prospect of real peace.

The settlers, if they had their choice, would

expel the Palestinians from the territories completely. Failing that, they would preserve army rule forever. The violent nature of their movement contains a threat of civil war, intimidating Israelis. It gives them political power far in excess of their numbers.

In recent months, Israelis have begun to acknowledge that they cannot have both the settlements and peace. The tragedy at Rebron empha-sizes the point. In the Israeli press and the Knesset, there is growing talk of incentives to entice the settlers home. But Mr. Rabin and his government have been unwilling to take the settlers on, leaving the problem unresolved. Most Israelis now agree that the late Menachem Begin's vision of a "Greater Israel" was a

terrible mistake. But until the settlements are dismantled, peace remains its hostage.

The writer is author of "Sandcastles: The Arabs in Search of the Modern World." He contributed

# Make a Peace That Doesn't Strand Israeli Settlers

WASHINGTON — The fanati-cal doctor from Brooklyn who murdered scores of Muslims at prayer was the best ally of Hezbollah and the worst enemy of Jewish settlers in Israel's disputed West Bank.

Perhaps he thought he was avenging the Arab massacre of Jews at Hebron seven decades ago; or the murder of his mentor, the extremist Rabbi Meir Kahane, a few years ago; or killings of a couple of Israe-

lis he treated a few weeks ago.
But his premeditated slaughter of innocents was more than vengeance; it was, as Russian Foreign Minister Andrei Kozyrev called it, "a provocation" — an invitation to bloody reprisal by his Arab fellow warriors in what they agree is a "holy war."

The real conflict is between warmakers and peacemakers. Until now, terror was the weapon of Arab orga-nizatious; now, thanks to the Jewish gunman at Hebron and the bloodthirsty few who praised his act, many profess to see a rough balance of Israeli and Palestinian terrorists.

The goal of the war-makers is not lunatic: each side seeks the expulsion of the other from "its" territory. The Hebron killer's Kach fac-

ONG KONG — Hypocrisy, na-

TI iveté and grandstanding have

By William Safire

tion wants Arabs driven across the Jordan River, while Hamas, Hezbollah and Fatah hawks want Jews driven out of the West Bank and ultimately into the sea.

The goal of peacemakers should be some compromise, allowing West Bank Arabs and Jews to live together, or at least next to one another, with self-rule for each.

Until recently, the compromise in the minds of many moderate Israelis, both Labor and Likud, was one that ultimately divided the disputed territory: the great majority of land to Palestinians, but with strategic points now populated by 130,000 Israeli settlers to help defend the territorially vulnerable and often invaded Israel.

That has changed. The Rabin-Peres government seems to be planning to turn the entire West Bank over to Palestinian rule. That would strand Israeli settlers, who believe that they live on the land of Israel and who were encouraged to settle there over decades by a democrati-

cally elected government. These settlers are now being de-

monized as zealots, obstacles to peace, for daring to object to being cut off, with the land under their homes ceded to a foreign power. This demonization was given a boost by the Hebron fanatic's bloody invitation to more war. All the embattled pioneers, often attacked and necessarily armed to protect themselves, are today unfairly lumped together with the extremist faction that wants

to drive out the Arab residents. The government, which failed to foresee the extent of the fear that would pass through the isolated outposts at the prospect of sellout, is properly moving to assuage the anguish of Palestinians by disarm-ing and restricting the extremist fac-

tions associated with the killer. The condolence visit to Hebron by esident Ezer Weizman expresse his nation's sorrow and shame.

The U.S. government moved correctly to avert victory for the war-makers by inviting Palestinians and Israelis to Washington for rejuvena-tion of the talks. This was a concession to the PLO, which wants the talks in Washington; Israel acceded

the opposition; the main issue is

whether Pergau was a good project.

"aid" should suggest something dif-ferent from, say, British donation of

Equally curious is the apparent as-

sumption by British media and par-

liamentarians that "aid" is not and

never should be connected to com-

always been used by most donors for

political and commercial as well as

vaccine to Rwanda.

"Aid" may be a curious word for

immediately, leaving it to the PLO to decide when it can come. PLO peacemakers cannot help but exploit the tragedy in negotia-tions; to do otherwise would invite attack from Arab war-makers. That is why it ritually called for "international protection" of Palestinians -an Israeli surrender to the United Nations that Chairman Yasser Ara-

fat knows is unrealistic. More to the point is his call for adding "the settlements issue" to the current agenda. That topic was deliberately postponed in the Oslo negotiations; it is diplomatese for kicking the Israeli settlers out of their homes and making the West Bank Jew-free. Is that an overstatement? Only Sunday, a respected Palestinian leader made clear that the negotiation would soon boil

down to "settlements or peace."

The peacemakers' answer to the war-makers — including the fanatic bigot who shamed his people and betrayed his religion — should be to reject expulsionism and embrace territorial compromise. The horror of Hebron must not lead to the ethnic cleansing of the West Bank.

# Money and Politics Mix, in Malaysia as Elsewhere

**Questions About Clinton** Bill Clinton and his helpers keep saying that rules on conflict of interest. The Clinton team they have nothing to hide on Whitewater, so has taken the nation back to the sham ethics some evil genie must be making them act as if they do. The latest affront is the boneheaded conclave convened by Deputy Treasury Secretary Roger Aliman to give a "heads up" to three White House officials about the Resolution Trust Corporation's inquiry into a savings president or his buddies. and loan association connected to Mr. and Mrs. Clinton. Mr. Altman said he wanted to

tions would run out on the RTC investigation of Madison Guaranty Savings and Loan. That is an interesting question and not unrelated to other questions that Republicans on the Senate Banking Committee and other reasonably curious Americans would like to

brief Bernard Nussbaum, the White House

counsel, Harold Ickes, the deputy chief of

staff, and Margaret Williams, the first lady's

chief of staff, on when the statute of limita-

have answered. Here are four: Was Madison Guaranty Savings and Loan used to convert Clinton campaign funds to personal funds for the then governor? • Did a regulator appointed by Governor Clinton go easy on Madison because it was

owned by the Clintons' political ally, James

McDougal, who was also the Clintons' business partner in Whitewater Development? Did the Clintons pay the same amount of money for their half share of Whitewater that Mr. McDougal paid for his? This question is important because it bears on whether Mr. Clinton, while governor, received gifts or

claimed undeserved tax deductions in connec-• Did Mrs. Clinton's law firm behave

properly in its dealings with Madison and

Given that such questions are now before a special counsel and the RTC, a meeting between Mr. Altman and top White House aides was improper on its face. It could never have

taken place in a White House that had even a

rudimentary respect for the commonsense

International Herald Tribune

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JOHN VINOCUR. Executive Editor & Vice President

of the early Reagan administration. That crowd believed that conflicts of interest could not exist since they could not conceive of letting any law or rule of propriety interfere with the political and financial interests of the

The stated reason for this meeting will not wash. Information on the statute of limitations could be had from the newspapers or a brief memo from the RTC legal staff. Senator Alfonse D'Amato, Republican of New York, and Representative Jim Leach, Republican of Iowa, therefore have reason to suspect that the goal of the meeting was to control political damage or compromise the RTC's investiga-tion. Who knows what the White House has learned about the RTC findings?

In response to bad publicity, Mr. Altman has cused himself from the RTC inquiry on Whitewater. His RTC deputy should now take over all his duties at the agency until a permanent director is appointed. Senator Donald Riegle, the Michigan Democrat who chairs the Senate Banking Committee, needs to step up his committee's oversight activities. Other Democrats like Senator John Kerry of Nebraska need to cease their myopic defense of Mr. Clinton on a matter about which neither the

senator not the public has been fully informed. Opposition leaders are right when they say that a Republican White House that so recklessly meddled in the Justice Department, the RTC and other agencies would be shelled with endless congressional investigations. It is time for the Democratic congressional leaders, Thomas Foley and George Mitchell, to try to educate this White House about the normal protocols of governance. Clinton aides behave as if their president has deep deposits of public trust. In fact, that account was pretty slim when Mr. Clinton got to Washington and it is just about tapped out now.

- THE NEW YORK TIMES.

been ricocheting between London and Knala Lumpur, culminating in Friday's announcement by the Malaysian government that it would boycott British goods in retaliation for British media allegations of payoffs involving Malaysian politicians At one level, the dispute is ex-

tremely petty — of the sort once associated with relations between former colonial powers and smaller African states in the early flush of independence. It follows a similar row between Malaysia and Australia just three months ago after Prime Minister Paul Keating described his Malaysian counterpart, Mahathir bin Mohamad as "recalcitrant" in his attitude against the Asia-Pacific Economic Cooperation forum. At another level, however, the dis-

pute with Britain has origins that go back 15 years, to the start of the

Carrian saga involving the various misdeeds of a Hong Kong company be linked to an arms sale. In Malaysia there is little such alarm, even among which subsequently went bust owing a billion dollars, the biggest chunk to a state-controlled Malaysian bank, Bank Bumiputra. Malaysian politi-

ciaries of the scam.

ils of trying to mix business with judicial and foreign affairs.

dispute in Britain over the link be-Pergau hydroelectric project and Malaysian purchases of British arms worth some \$1.5 billion. In Britain, outrage is expressed that an aid deal

Many East Asian officials were pri-vately critical of Mr. Mahathir for

thoritarian regimes. A free press that investigates official malfeasance is a

core part of a democratic system. Brit-

ain and the rest of the West should be

Now that the Japanese and South

Korean press are playing an active

part in their countries' democratic

politics, it is hard to argue that a free

press is not part of Asia's cultural

values. Much as Singapore hides be-hind such civilizational arguments

when it overreacts to critical com-

ments in the international media, so

Malaysia is trying to hide the arbi-

Britain, whose imports from Ma-

laysia are nearly 50 per cent higher

than its exports, could respond with

counterthreats of a "Buy Malaysian Last" policy. Kuala Lumpur should

be threatened with international ac-

tion through GATT if it persists in its

unilateral sanctions against Britam.
Only by establishing a more

straightforward basis for dealing

with Malaysia will Britain put its

relations with East Asia on a stable

The writer, a senior fellow at the International Institute for Strategic

Studies in London and editor of The

Pacific Review, contributed this com-

footing for the longer term

ment to the Herald Tribune.

trary actions of its government.

defending that right with gusto.

### mercial advantage. In a truly moral world, that would be right, but few would access the Murdoch or British tween aid financing for Malaysia's tabloid press of being driven by moral imperatives. The fact is that aid has

**By Gerald Segal** 

ONDON - What began as a parochial British scandal about whether funds for an aid project in Malaysia were linked to arms sales has become a nasty diplomatic fracas. Malaysia now says it will not approve any more government con-tracts with British companies.

Mahathir bin Mohamad, the Ma-

laysian prime minister, has a chip on his shoulder. The sooner it is knocked off, the better relations between East Asia and the West will be. Mr. Mahathir has reacted angrily

to suggestions in the British press that arms and other business deals with Malaysia involved kickbacks. Yet such allegations have been around for years, and they ring true for foreign businessmen in many Southeast Asian countries.

Malaysia's overreaction to the normal investigative activities of the Western press is similar to its overreaction when Paul Keating, the Australian prime manister, described Mr. Mahathir as "recalcitrant" for not attending the informal summit in Seattle late last year of leaders from countries in the Asia-Pacific Economic Cooperation forum. Despite his reputation as a political street fighter, Mr. Keating essentially capitulated to the Malay

sian demand for an apology. Appeasement does not pay, for clearly Mr. Mahathir is now emboldened to take on a bigger power.

Britain's initial reaction is soggy. It is not surprising that British firms with business interests in Malaysia are anxious. But taking out a fullpage advertisement in the weekend press that grovels to Malaysia is hardly a dignified way to proceed. The Labor opposition has joined in the attacks on the government rather than standing up for the rights of an independent press.

Britain is seeking a behind-the-

Britain to apply to Malaysia, which owns a car manufacturer when Britain does not. The very fact that Britain should offer and Malaysia accept

cians as well as Hong Kong bankers, lawyers and accountants were benefi-The Carrian affair, aspects of which are still before the courts, has brought credit to neither Malaysia nor Britain. Since then a continu series of episodes has shown the per-

The latest tiff was sparked by a

purely humanitarian purposes.

What has stung Mr. Mahathir into retaliation is not the debate over Per-**Britain Should Be Firm** gan but the suggestion that politi-cians, and indeed the roling party, scenes settlement. That is underhave been in receipt of large donations from British contractors - and standable. But the time has come for not just in relation to Pergau. This a more robust and candid response. followed recent allegations in the Australian media that Canberra's se-

failing to attend the Seattle summit cret intelligence service has been bribing Malaysian politicians. and for his previous attempts to sabotage APEC. These officials could not Mr. Mahathir, seldom averse to a fight, seems to have decided that atsay so publicly, but they were cheering for Mr. Keating, hoping that he would cut the Malaysian leader down a peg. tack is the best defense. British media have been accused of patronizing and colonialist attitudes, while British The main reason for Britain to take firms anxious to do business in Maa more robust line has to do with the debate about a supposed East Asian right to deviate from internationally laysia have been forced to their knees in praise of all things Malaysian. How well all this plays at home for recognized covenants when it suits au-

> further British media attention to British-Malaysian issues.
>
> The reality behind all this is that money plays an important role in Malaysian politics, as it does elsewhere. Political connections are often involved in government contract awards and the benefits of privatizations. Ma-laysians might prefer that things were

Mr. Mahathir has yet to be deter-mined — but it is likely to bring

otherwise, but it is a reality that is unlikely to be seriously challenged while the country prospers.

Mr. Mahathir himself has been among those who decry publicly the spread of "money politics." Stopping it is another matter, given Malaysia's combination of fast economic growth and a need to develop the Malay

majority as a capital-owning class. The British government has fallen over itself in an effort to be accommodating. In the early 1980s, Mr. Mahathir launched a "Buy British Last" campaign ostensibly in protest at British increases in foreign student fees. To help get back into Malaysian favor, the British Foreign Office was instrumental in a series of (largely successful) efforts in Hong Kong to cover up the involvement of some Malaysian politicians in the Carrian affair, to the point of suppressing important evidence — the victim's

of a Bank Burniputra auditor sent from Kuala Lumpur to investigate the goings-on in Hong Kong.

The British press, so quick to throw allegations against Malaysians, easily allowed itself to be gagged in failing to investigate the Carrian cover-ups. So although Britain may now cry "unfair." and its media claims may appear, in Malaysia as elsewhere, to have a ring of truth, the British cannot claim any moral high ground.

Meanwhile, the long and costly courtship of the Malaysians by Margaret Thatcher and the Foreign Office has flopped. Although Mr. Mahathir says that his quarrel is with the media and not the government, official relations are halfway back to where they were a decade ago. So the episode is damaging to Brit-

ain. Whether Kuala Lumpur's actions do Malaysia any good is questionable. Its neighbors, Indonesia, Thailand and Singapore, are averse to high-profile rows with friendly countries. They said as much at the time of the spat with Mr. Keating. Some Indonesian ministers openly refer to Mr. Mahathir's behavior as that of a "mini-Sukarno."

Neighbors also worry that politically inspired trade boycotts are just the kind of anti-GATT behavior that Western countries like to seize upon to justify new trade restrictions. Only a week ago, Leon Brittan, the European commissioner for trade, warned China that trade threats against Brit-ain over Hong Kong could frustrate its GATT application. A conciliatory British government is unlikely to use such phrases in the Malaysian context, and few in Malaysia seem to want escalation of the affair, but there are loose cannons on both sides. International Herald Tribune.

# **A Function** For Russia In Bosnia

By Anthony Lewis

TONDON - "The road to any solution in Bosnia now runs through Moscow." A senior diplomat in London thus summed up the dramatically changed landscape faced by Western governments trying to design an end to the Bosnian conflict. When Russia intervened two weeks ago, offering a hand to the Serbs, it became an essential player in the diplomatic game, with Boris Yelt-sin personally involved. That sharply limits what the United States and the Europeans can do on their own. But it also offers an urgent opportunity for Russian-American action.

An example of the new restraints on the West is the outlook for further NATO air strike threats, like the one that helped move Serbian guns back from Sarajevo. Their purpose might be to end the Serbian shelling of other Bosnian government enclaves, to re-open the Tuzia airport or to stop military traffic from Serbia and Croatia.

But now that Russia is involved, can such NATO air action be a serious possibility? NATO members are highly unlikely to want to risk an even more dangerous conflict. And threats that will not be carried out

are worse than useless. The irony is that, in the events of the last two weeks, the Serbs have ended up winners. The Bosnian government hoped that it was finally getting a protective arm from NATO, but the symbolic protection that Russia has extended to the Serbs is more meaningful.

The changed situation most significantly affects the sine qua non of any overall peace settlement achieved by territorial division of Bosnia: getting the Serbs to withdraw from enough of the territory they have seized - 70 percent of the country - to make possible a viable if rump Bosnia. The United States is now trying to

broker a cease-fire between the Muslim-dominated Bosnian forces and the Croats - and a political plan for a Bosnian-Croatian confederation. Those would be important steps if they actually worked, although one

has to be skeptical that they can after such brutality as the Croatian savaging of Muslim civilians in Mostar. But if the Bosnian-Croatian plan does succeed, there will still be the terrible problem of the Bosnian govemment enclaves in the east and west. No Bosnian state would be viable, or its borders peaceful, if some of its territory consisted of islands sur-rounded by hostile Serbian forces.

Diplomats have hoped that Bosnian Serb leaders would give up enough land to link the government territories. But how can the Serbs be persuaded to do that if Russia is effectively protecting them from Western pressure? The answer can now proba-bly lie only in agreement between the Yeltsin government and the West. And "the West" really means the United States, because Bosnia has shown again how dependent the Eu-

the Landing per process

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Leilbhrair

s are on U.S. I It is a strange situation. Here is a Russian state in desperate economic and political trouble, its president imable to prevent a grant of amnesty to men who tried to overthrow him. Yet that Russia is in a position to help shape, or block, any resolution

of the Bosnian conflict. If there is to be a peace that has a chance of holding, Washington and Moscow have to agree broadly on the terms. Then the United States would have to sell them to the Bosnian government, Russia to the Serbs.

Such a joint demarche is the new opportunity, and it is a serious one. In the past, Russian diplomats have been cooperative and well informed on the Bosnian situation. President Yeltsin's call for a Moscow conference on Bosnia, which has drawn a lukewarm Western response, might in fact have possibilities. The risk is that domestic political pressure on Mr. Yeltsin — from the rise of Slav nationalism - may now make him lean too far toward the Serbs. But President Bill Chinton would have some leverage to produce a modestly decent result for the Bosnian victims. Sanctions on Serbia are a powerful

lever. After the CIA mole affair and congressional anger at Russia, Mr. Yeltsin has reasons to want to look cooperative. But there will be no chance of success unless Mr. Clinton has a firm policy, knows his objectives and is committed to them. More of the wavering that marked his past positions on Bosnia — the confusion between aggressors and victims, the empty postures - would be fatal. The American president faces a classic, difficult challenge in foreign

policy. With attention and commitment he can meet it. The New York Times

# IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Rowdy Parisians

PARIS - Paris students are keeping up their reputation for turbulence. After hissing M. Caro and M. Larroumet, they have now hissed M. Brunetière. What does this mean? Some say it means there are too many ladies at M. Brunetière's lectures. Such a reason says little for the traditions of French gallantry. Whatever may be the reason, the Sorbonne is once more in an uproar. Fifteen years ago things were totally different. There was a good deal less noise, and a good deal more work done.

1919: About the League

WASHINGTON - Since the United States declared war against Germany, no official event has aroused such interest as that called forth by the dinner at the White House on Wednesday night [Feb. 26] to the members of the Senate Foreign Relations Committee and the House Foreign Affairs Committee to discuss the

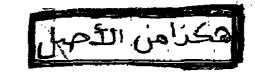
League of Nations with President Wilson. There was a free interchange of views, and President Wilson was questioned freely. On the subject of sovereignty, President Wilson said that, in his opinion, the United States would relinquish some of its sovereignty, but that other nations in the league would make a similar surrender.

1944: Victory in Burma NEW DELHI - [From our New York edition: The Allies have scored

their first major victory in Burma by destroying a special force of 8,000 Japanese in two weeks of confused fighting in the dusty, choking jungle of the Arakan sector, north of Akyab, the Southeast Asia Allied Command announced tonight [Feb. 27]. It said the Japanese were "gradually driven back, hemmed in, split up, hunted and killed. Most, with their accustomed tenacity, fought to the death. Some, battered and wounded, escaped through the jungle to the south.

A few surrendered."





They're All After Zakarias's Soul

# A Function For Russia In Bosnia,

By Anthony Lewis ONDON - The mod in the land I ONDON I he mad to all to through Moscow A state the in London thus summed up the day changed landscare for matically changed impospe inch by Western governments trying to design an end to the Bronian confus When Russia intervened to hand to hand to weeks ago offering a hand to the Serbs, it became in essential place the diving the same with Board of SEE per and a final cal. That darph items we are the Collection States and the Empres as do nother out Be r specification of the property of the propert

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Moscow have to agree and a series terms. Then the latter same have to sell them to the Source. eroment. Russia is the serv Such a sort demand the community of the past Range of the past Range of the past Range of the past Range of the past of the p hem committee and the second on the Bostonia State of Sta mer en Bosnia At a marin intervent Western Arms in the state the state the state point in the state point in the state state state in the state state state in the state s that demosts ? national and the learn Kee in the learn Kee in the learn Kee in the learn keep in th President Bill some inverse decent result for the 5 % Sanctions on Sanctions leter. After the City of the CORPORATE AND A STATE OF . .

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1944: Victory in Burn

NEW DELHI -York edinon: The A then first major with destroying a special Ispanese in two week lighting in the dusty. of the Arakan sector. the Southers: Asia L. announced tonight if the Japanese were back, heagned in. and hilled Most will some battered and caped through the wal-A few surrendered

# Russia Fails, Again, to Escape the Totalitarian Trap By Yuri N. Afanasyev

MOSCOW — The political rearrangement in Russia that began with the government re-shuffling of mid-1992 has come to an end. The departure of the cabinet's leading economic and nolitical reformers last month

erased all doubts. Until then, despite reactionary successes in the December parliamentary elections, it was possible to believe that the necessary reforms would continue, even if only in half-measures. But now it is clear that there will be no reforms,

not even bad ones, Under the guise of social welfare policies, a planned economy will be re-established. Its executors will be Prime Minister Viktor Chernomyrdin and his allies.

President Boris Yeltsin has become merely decorative. If reform is to come, the work will be done by others.

Andrei Kozyrev, holding on as foreign minister, will further learn how to talk tough foreign policy to out-Zhirinovsky the fascist parlia-mentarian Vladimir Zhirinovsky.

The West will continue to insist that Mr. Yeltsin represents democracy. Russia instead of moving along the axis of time, will continue spinning in the Western-vs.-Slavic circle codified in Russian thought by Pyotr Chaadayev in the early 19th century. This tension promises further conflicts like the failed coup of August 1991 and the forced shutdown of parliament last October. The Zhirinovsky victory resulted from the failure of reforms, but it

indicated something broader about

Russian society. It suggested cultur-

al forces that lie beyond the endur-

3000 Barn

tional and mythological. The irrational predominated, with pagan and Christian concepts and ideals. People lived and acted, led not by reason but by superstition. Their

ing support for Communist and fas-cist blocs, that go to the essential

in prerevolutionary Russia, pub-

lic awareness was primarily tradi-

nature of the Russian people.

freedom was confined by intellectual limitations and habits. After 1917 an additional constraint on freedom was imposed, this time the allegedly rational ideology of Marxism-Leninism.

The double bondage of these toin the spiritual life of contemporary Russia. That legacy is the main reason for the sense of lost - or rather never acquired - Russian identity and the deformed perception of the surrounding world as a threat,

Russia has not escaped totalitarianism, before or since 1917, because it has never had a civil society. The state monopolized every activity; no autonomous society existed apart from its all-pervasive scope. The same vicious trap, guaran-teeing self-replication of the sys-

tem, was first delineated in the mid-19th century by the revoluuonary populist Nikolai Chernyshevsky. Surveying the Russian Empire and its prospects, he wrote that "an omnipotent state means subjects deprived of initiative." Reforms, be they Peter the Great's or Nikita Khrushchev's, did not spring open the trap, but merely modernized the system to preserve and strengthen the regime.

Mr. Zhirinovsky's success cannot yet be seen as the onslaught of a brown-shirt plague, although such a

danger exists. In the short term, he is the latest offshoot of the failures of reform in Russian history. The reform movement is now nothing but rhetoric. We are left

with a growing gap between the authorities and society, a loss of social welfare, a predatory enrichment of the nomenklatura through the conversion of power and con-

Yeltsin by storming parliament. The day after the insurrection ended, Mr. Yeltsin convened a Security Council meeting that had only one item on the agenda: a new military doctrine that expanded

Russia's security interests throughout the territory of the former Soviet Union and rescinded the "no first use" nuclear weapons pledge. This move was initiated even before fires were put out and before

Recent actions by the govern-It is quite clear now that there will be no reforms. talitarian heritages is most evident A planned economy will be re-established under some other guise. Boris Yeltsin? Mere decoration.

the dead were buried.

nections into wealth, and a shift in

power toward Mr. Zhirinovsky. The military-industrial complex and the neo-Soviet elites of the nomenklatura are likely to grow stronger - resulting in an authoritarian regime, today headed by Mr. Yeltsin, tomorrow by someone else. Political power is aiready under outside control, hidden and duplicitous.

It has become evident that the real winner in the October 1993 showdown between Mr. Yeltsin and the parliament was the military-industrial complex, acting in unison with the bureaucracy.

At the time, the events of October were seen as a victory of democracy, a removal of obstacles on the path to reform. It now appears that the military exacted certain

ment confirm that the military, which had lost some power under Mikhail Gorbachev, now has even greater influence. There are no more vows to reduce the armed forces by two-thirds. Mr. Yeltsin is photographed with a machine gun in hand and assures Russians that there will be no more conces-

Military pressure has forced Mr. Yeltsin to reverse himself on acquiescing to Central and Eastern European countries seeking NATO membership. The new military doctrine of asserting interests in the "near abroad" is fueling more blatant attempts to subordinate former Soviet republics. The idea is to reestablish the countries of the former socialist camp as buffers between Russia and the "far abroad."

and Central Asia, who thought they

Under the guise of protecting Russian-speaking peoples, Russia is supporting "national liberation" movements in countries that seek nies" and "concerns," but still supindependence. Sometimes the direct participation of Russian troops is carnoullaged and presented to the distribution functions. It distribworld as a peacekeeping mission in an interethnic conflict.

troops from Moldova; in Georgia, it supported the Abkhazian separatists, then salvaged President Eduard Shevardnadze's central government only after he paid the price of joining the Common-wealth of Independent States.

ues to wage an undeclared war with unstated aims. It is siding with a reactionary regime in Tajikistan that is ruthlessly crushing free thought and democracy.

the Soviet Union did during the

sions to the West,

The policy is jeopardizing mil-lions of people in Eastern Europe were free of Moscow's control.

In Central Asia, Russia contin-

Russia wants to hide behind the flags of several countries, just as

concessions before bailing out Mr. invasion of Czechoslovakia in 1968. The oratory is different, but the motives are the same: Russia's interest in a major uranium mine in Tajikistan, an aviation plant in Georgia, military plants in Moldova and the Black Sea coast and fleet in Crimea.

> It is one thing when Communists rally to demand restoration of the Soviet Union and another when that is the official position of the "reformist" Russian government. Taken at face value, the actions suggest that the 10-year war in Afghanistan taught the current

cy are doomed to fail.

The prospect of a return to the so-called planned economy is economic considerations to de

The economy remains a pre-modern, artificial construct dependent on the state life-support system and incapable of surviving by market-driven decisions.

Today the super-monopoly of the state determines the gross national product. Central planning and distribution agencies have changed names but not functions.

call themselves "holding compapress all market-oriented competition. The central bank has taken on utes finances at the federal level. which is essentially the same as Russia has shown an unwilling-ness to remove its remaining distributing resources and plan-ning the volume of production. On the regional level, distribution is controlled by the local nomenklatura. In fact, such distribution is the main work of all government

The 400 or so monopolistic gov-

restore the empire

leaders nothing.

Today, people are again dying throughout the Commonwealth of Independent States, and if things continue, the lives of thousands of Russians at home and abroad will be at risk.

Russia to total ruin. The Soviet empire collapsed because it could support so many territories, and all attempts to revive that poli-

equally disastrous. Russia's age-old penchant for subordinating mands for control by political leaders is again at work.

Russia's multipronged involvement in the near abroad is probably a manifestation of a hope to

Imperial ambitions will bring

Ministries and institutions now

administration at all levels.

ernment agencies in various branches of industry all require subsidies. At their initiative new duties are being imposed on agricultural and industrial goods, eliminating competition, expanding opportunities for price increases and creating hothouse conditions for incompetent administrators. Pseudo-commercial banks now

By Paul Spencer Sochaczewski one of the birds to the church, perhaps he was

MINYAMBOU, Indonesia — When the Baptist missionaries in this isolated valley in Irian Jaya on the western half of the island of New Guinea asked for contributions to build a new church, Zakarias chipped in with the most valuable

thing he could find — a bird-of-paradise skin. To the early Portuguese and Dutch explorers, the hird represented a form of holy salvation. The skins they were offered had neither legs nor wings, so the

### MEANWHILE

Europeans theorized that the creatures must have pent their lives in the heavens.

The irony of buying his way into heaven with a bird of paradise did not occur to Zakarias. But he does recognize that there are many authorities after his soul. Zakarias showed me chunky gray caterpillars that

nature conservationists encourage him to raise. These will become gandy, yellow-and-black swallow-tailed butterflies. When sold to collectors, they will cam him a few dollars each.

To the conservationists, the butterfly venture is a small part of a much broader attempt to preserve the world's remaining stands of tropical rain forest. They figure that only when local people get some tangible benefit will they cooperate in conservation. The quid pro quo in this case is that Zakararias agrees to help manage and safeguard the nearby Arfak Mountains nature reserve,

It is a kind of religion. Zakarias has agreed to change his behavior in expectation of future reward. "Do not clear land for farms in the nature reserve," the conservation commandments say. "Respect the national park boundaries and enter not therein except to hunt deer with a bow and arrow. And don't even think of killing that bird of paradise."

Zakarias, like most of us, is mortal. In presenting the International Herald Tribune.

seeking to play one religion off against another.

There are a number of powerful forces at work trying to win his allegiance and mold his behavior. The Indonesian government, which is controlled from Jakarta on the central island of Java, wants to make Zakarias a loyal citizen. Protestant preachers want to Christianize him, and in so doing add his tenor voice to the Sunday choir.

Industrialists whose companies manufacture everything from hair shampoo to jogging shoes want to consumerize Zakarias, by making him feel the need for things the Irianese have not needed before. Conservationists want to "empower" Zakarias, to give him a voice in saving nature - so long as it coincides with the way the experts think nature works best.

The four "religions" of church, nationalism, business and conservation have achieved significant results in Irian Java. For example, some Christian missionaries, notably the Catholics, have helped to stop cannibalism and infanticide, have established schools and clinics, and have promoted water-supply and gardening projects.

But the conversions are not necessarily deep. While many Irianese profess to be Christian in one form or another, it is not uncommon for them to believe that sitting in church will result in immunity from sickness and that forgetting to shut one's eyes during prayers will lead to blindness.

Clearly the soul is a complicated organ. The day I was leaving Minyambou, I sought out Zakarias to say goodbye. He admired my watch. Seeing that I wasn't about to give it to him, he offered me a trade: my Casio for a bird-of-paradise skin. I said a prayer for all of us.

The writer is head of creative development at WWF-World Wide Fund for Nature in Switzerland and a professional associate at the East-West Center in Honolulu, Hawaii. He contributed this comment to

prevail; they merely redistribute should be thinking of ways to get state finances and do not depend on deposits from people or enterprises. Fear of competition has led

to a ban on foreign banks. Agriculture remains in a terrible state, not because of a lack of equipment, fuel or money, but because of new relations among producers, consumers and the state.

A gigantic monopoly, Agroprom, is the main brake on the development of agricultural production, the introduction of private land ownership and the formation of private farms or voluntary collectives. Peasants of the collective farms still turn in produce and receive goods return. The archaic communal system of the Russian village, combined with Agroprom's socialist practices, has become an insurmountable obstacle to reform

The powerful agricultural lobby will continue to demand incredible subsidies from the state treasury. Unlike Western subsidies, Russian subsidies go not to farmers but to Agroprom, a system without analogy in any developed country.

out of the economy, leaving the state only indirect instruments of regulation — taxes, credits, cus-

But everything suggests that the leaders of the powerful economic structures will remain active and determine the political and economic life of modern Russia. Now is not the first time reforms have been halted not only by the evil intentions of those in power but by powerful social forces.

Three such forces predominate in Russia. In production, the driving force is the military-industrial complex. Its primary interest is receiving additional payments from the state budget. re state budget.

The second force is the collective and the people have yet to show the political will to take a more direct

peasantry — debased, used to a parasitic life style, thievery and shoddy work, supported by the agrarian bosses. Their only hope is also the state.

The third force is the bureaucracy, 20 million corrupt clerks translated by Antonina Bouis, was who seek additional opportunities adapted by The New York Times for bribes and who form the black from the March/April '94 issue of A truly democratic government market. The three forces are Foreign Affairs.

aligned against the market economy and democracy.
The great poet Osip Mandelstam

coined a phrase for the events in Russia in October 1917: "the noise of the times" - something not very clear, hard to distinguish, but powcrful, agitating and frightening.

Today a struggle for power i under way. One order is leaving and another has yet to arrive. The noise of the times again resounds. What will its echo bring this time? Will life in Russia find a new balance?

Russia's economic, social and political conditions again speak of the enormous difficulties of escaping the vicious circle. The state still reigns supreme

road to democracy. The writer, a historian, is rector of the Russian State University for the Humanities and a former deputy in the U.S.S.R. Congress. This article.

### LETTERS TO THE EDITOR

### A Loose Confederation

والمتالكين العابان والإنجابية

Regarding "No Use Making Scapegoats of the Mediators" (Letters, Feb. 18) from John Mills:

As spokesman for the Interna-tional Conference on the Former Yugoslavia, John Mills may find it difficult to accept criticism of Lord David Owen and Thorvald Stoltenberg. But the criticism offered by Charles H. Fairbanks Jr. (Opinion, Feb. 17) is valid. Mr. Fairbanks is absolutely right to say that the Owen-Stoltenberg plan "has be-come an effort to force the victims

verdict of force and terror." Both the Vance-Owen and the Owen-Stoltenberg plans would have legitimated "ethnic cleansing" by allowing the Serbs to retain lands they have conquered by force. Such prodding of the Muslims to accept the dismemberment of their land is unacceptable. The present Owen-Stoltenberg plan would deal a mortal blow to the very foundation of international law, which rejects territorial gains by force. Moreover, the partition of an ethnically mixed state like

Bosnia would be tantamount to encouraging "ethnic cleansing."
Mr. Fairbanks is absolutely right to suggest that the Bosnians should be allowed to carry on their struggle until a more just peace can be achieved. However, the interna-tional community can try to find a formula which will respect Bosnia's territorial integrity — the main Muslim demand — while allowing Bosnian Serbs to retain the

link to their compatriots in Serbia. This can be achieved only through some form of confederation between Bosnia and Serbia. This would not be a return to the status quo ante of a highly centralized Serb-dominated Yugoslavia. but a much looser confederation which would allow Bosnia to retain a large degree of autonomy and would feature a federal parliament

The pause in the shelling of Sarajevo should be used as a starting point in the healing process and an eventual reconciliation between Bosnia's principal communities.

with well-defined powers.

MAHMOOD ELAHI.

Regarding columns on the Feb. 22 and Feb. 23 Opinion pages:

Press for Peace

A. M. Rosenthal is right. William Safire and Anthony Lewis are wrong. The Bosnian conflict can only be resolved by negotiation, not by bombing the Serbs or lifting the Yugoslav arms embargo in favor of the Bosnian Muslims.
Although air strikes could pro-

vide some immediate benefit in certain situations, their consequences would be dreadful. Reprisals against foreigners would bring humanitarian aid convoys to a halt. The peace process would end.

flict would gain support.

The only way for foreign military intervention to resolve any of the territorial disputes in Bosnia would be to completely and perma-nently subdue at least one of the warring factions. This would require a large-scale military operation that no Western government is

Dropping bombs on any of the

prepared to support.

tend to fight near their homes. They are primarily motivated by to give public legitimacy to the fear and are often prepared to die defending their land. The Bosnian Muslim demand for more territory is morally inde-fensible. The unilateral declaration of independence in 1992 by the Muslim-led Bosnian "govern-ment" was illegitimate, undemocratic and illegal. Since then, the Bosnian Muslim leaders have consistently refused to negotiate in good faith with the elected repre-sentatives of the Bosnian Serbs.

> ously for foreign military intervention, risking innocent lives. Western governments must put pressure on the Bosnian Muslim eaders, as well as the Croats and Serbs, to negotiate a peace settlement as soon as possible.

They have instead lobbied continu-

NEVEN LEZAIC.

Regarding "Checkered History" (Letters, Jan. 19):

The Checkerboard

George Tintor states that Croatia's checkerboard coat of arms was last widely used by the Nazi-allied Ustashe state in World War II. But from 1945 to the fall of the Communists in 1990, the checkerboard coat of arms was an integral part of the coat of arms of the Socialist Republic of Croatia. As such, the alleged Ustashe symbol was found on every public building in Croatia and appearing the state of th in Croatia and practically every public document issued in Croatia during Communist rule, even

school report cards. The Ustashe's symbol was the letter "U," not Croatia's coat of the world, Based on the accord's arms. Otherwise, the Partisans, who track record, the prognosis is not

By CUMMINGS in the Winniper, Free Press (Mannoton). CRW Syndicase

Extremists on all sides of the confought against the Ustashe, would good. The world must turn its atnot have allowed Croatia's centuries-old symbol to be used as part of

the Communist iconography. JOHN P. KRALJIC.

### New York. Zlata's Hopes and Fears

In response to ("From a Child's Pen, a Sarajevo War Diary," Fea-tures, Jan. 7):

warring factions in ex-Yugoslavia My 13-year-old daughter and I were very touched by "The Diary of Zlata Filipovic." She revealed the hopes, fears and optimism that would not diminish their will to fight. Most combatants on all sides only a child can express. Thank goodness she and her family are safe in France. We can only pray for the others left behind.

J. NAVID. Rolle, Switzerland.

# Which Way Will It Cut?

Regarding the report "Forest Preservation Is Agreed On at UN" (Business/Finance, Jan. 24): To label the International Tropi-

cal Timber Agreement a "forest preservation" agreement is like la-beling a nuclear missile a "peacekeeper." Depending on how the instruments are used, the effect could well be the opposite. The original Tropical Timber Agreement of 1983 was a hybrid: a fairly conventional commodity trade agreement with a few environmental provisions tacked on. It was

and the countries that signed it as well as environmental organizations had high expectations for it. Ten years later, the environmental groups have seem most of those expectations dashed. The renegotiation process offered an opportunity for significant retooling as well as for ending the discriminatory focus on tropical

timber only. Regrettably, the nego-

an interesting tool with promise,

tiators failed on almost every count. On some they even lost ground. The new agreement therefore is likely to be little better than the public-relations tool its predecessor had become. At worst, it could delay the achievement of sustainable forest management in

tention to more productive arenas, and quickly.

WILLIAM E. MANKIN. Global Forest Policy Project. Washington.

### Untimely Ski Deaths

Regarding "Skiing Deaths Since 1959" (Sports, Jan. 31): Two notable American skiers of the past come to mind, although their untimely deaths did not occur as a direct result of competition. my Griffith was a bright hope in the '52 Olympics. I happened to be in Alta, Utah, when he broke a leg in a training run, and I was among those who helped bring him on a toboggan into the lodge. We were

stunned to hear a day or two later that he had died in the hospital from a blood clot released in the accident. Another is Buddy Werner. He had just finished competing in the '64 Olympics in Innsbruck. We Americans were proud and pleased to see him mixing happily with his fellow Olympians from various countries in the final parade. What a shock to learn just days later that he was caught in an avalanche in

Celerina, Switzerland, and perished along with several other skiers. WARD C. WILLIAMS.

### Vaud, Switzerland.

A Name of One's Own Regarding "Inman the Selfless Need Not Do Us This Big Favor"

(Opinion, Dec. 25): William Safire asks of President Bill Clinton's luckless nominee for defense secretary "how a grown man could go through life calling himself Bobby." It's simple. Bobby is Mr. Inman's legal name. Not

comes from, children's nicknames are commonly used as legal names. This is the land of the Billy Joes and the Jim Bobs. Sometimes it is worse. My college roommate's husband had no first

name, only initials. He had a terri-

ble time explaining to people that

A high school classmate of mine

C. E. didn't stand for anything.

Robert. Bobby.
In the South, where Mr. Inman

(and this was not in the South) had the name George. Fine. Except that his last name was also George. Somehow, Bobby, C. E., George and the rest should have been protected from their parents' mischief. Why not have "provisional" names? These would be the names your parents give you, to be used through childhood. But when you grow up and the time comes, say, to apply for your first driver's license, the form could include a box to indicate that "I wish to change my first name." You would simply fill in the new first name of your choosing. That way, if he didn't want to, a

grown man would not have to go

through life calling himself Bobby.

DONNA EVLETH.

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# Bad Taste Raised to Art Form

By Suzy Menkes
International Herald Tribune

ILAN - Well, guess who is Italy's new fashion muse? Tonya Harding? And even she might not turn up on ice in a fake leopard crotch-high skating skirt, fluffy sweater with snowflake sequins, knee-high nylons and gilded stiletto heels.

Those were some of the classier looks sent out by Gianni Versace for his junior lines. The riot of clashing plaids and fake fur, metallic silver miniskirts and takes on

### MILAN FASHION

Jackie Kennedy empire shift dresses gave the world's most glamorous supermodels the allure of Las Vegas Keno girls.

"It's not me, it's Donatella, she brings such an injection of young blood," said Versace, crediting the show to his sister, who came out with him on the shiny white and gilded runway of the show tent erected at the rear of his palazzo.

Elevating bad taste to an art form is something new for minimalist Milan. But it is a comment on the opening shows of the autumn/winter season that Versace's Versus and Istante collections, for all their tackiness and vulgarity, were the hottest things in town.

As the international collections get under way, there is a sense that Italian fashion is losing ground to Paris — literally, in the case of Rifat Ozbek, who moved his show at the 11th hour to the French capital. In spite of the Versus razzmatazz, the essence of Italian high fashion is more than ever upscale luxury, impeccable tailoring and inventive fabrics. The clothes carry customer clout, which is why store presidents and buyers flood into Milan. Yet the creative edge of Italian fashion seems blunted.

Take Dolce & Gabbana. Abandoning gimmicks and tricks, on Sunday the designer duo sent out a good clean show, rooted in mannish tailoring softened with fluffy mohair, bouclé or velvet. Their runway star was no longer Madonna, but Isabella Rossellini in early middle age. Offer any fashion-conscious woman the simple pantsuits, neat A-line skirts or long slim dresses in cocktails of fabric and she would pounce on the entire collection. The buyers were salivating at the sight of a show that reflected what today's customer wants and bridged the credibility gap between the runway and the

All the fashion elements were there, shown with a modern attitude. A slim herringbone tweed coat was worn with a jaunty hat and a brief skirt in fake fur or fine tweed wrapped over pants below a cropped sweater. Silver finger ring and pointed-toe, high-heel shoes made for sleek, modern styling. Faced with such a show, it seems churlish to complain that where Stefano Gabbana and Domenico Doice once made fashion happen, now they just make fine clothes.

It was the same story on Monday at Byblos, where nice clothes just kept on coming. Take a sweep of maxi coat, sling it over a cropped sweater, a tiny A-line skirt, pale tights and knee high boots. Make it in silver (Milan's new discovery,



Designs by Versace, top, Gucci, left, Dolce & Gabbana. cutouts on leather as decoration.

but already last year's trend). Then down to its not-quite-punk-wigs make it in cream. And navy. And pearl gray. And in mixes of different soft fabrics. The same treatment was given to short coats, long cardigan jackets and the masculine/feminine pantsuits with cropped vest over loose blouse. Change the colors, or the fabric, but don't take any risks, except with the space-age with tiered pleats. As an exercise in softening up trim Italian tailoring. This wacky, tacky, trashy look is Neiman-Marcus to exclaim: "it was fine. But the show — right the hot thing with fashion stylists. should all be as fast as that!"

never took off.

But maybe that is better than trying to go hip. Gucci's classics were revved up with neckties nale panty hose and Milan's favorite minikilts, not to mention a new stiletto-heeled Gucci loafer. And forget natural country colors. Orange, pink and green flashed out silver sportswear and a flirty skirt for place-mat skirts, cropped

sweaters and big fluffy sweaters.

But what is in it for Gucci to distort its image so that a perfectly proportioned cloud-gray cashmere sweater is worn by a model dressed to look like Lolita on speed? Occasionally, a good sporty piece was left well alone: a deep-pile alpaca coat with a beaver collar or a simple tattersall pantsuit, with cuffed trousers, clearing the ankle, as the new classic. Ultra-long jackets with minuscule skirts underneath, leather tricked out with sports logos and backpacks with Gucci's signature bar-and-bit or bamboo handle seemed like a rerun of Chanel's takes on streetwise urban style.

Because the Milan season kicks off with designers' secondary lines, the early shows seem like a warmup for the real action later in the week. Gianfranco Ferré stopped by his Studio 0001 line, for the industrial giant Marzotto, to check out his sophisticated collection of tailored pantsuits in windowpane checks for day and coral and sunset colors for night.

Valentino — who long since

moved his show to Paris - showed

his Oliver line in Milan. A sure hand produced tactile velvet jackets and tweed frock coats as well as deep-pile cabled cardigans and an elegant, tailored, long camel coat. Below the waist, the silhouette seemed hazy, with a filmy chiffon skirt or floating pants in ombré colors fudging the skirt problem.

The schoolgirl look — pleated minikilts, gray flannel jackets and mixes of plaid — was done with conviction by Anna Sui, the American designer who is consultant to Iceberg's Cento per Cento line. For Katharine Hamnett, it was the Tonya Harding look again: micro miniskirts in shiny plastic, black lace panties peeking under gray flannel shorts and teeny-tiny kilts - all shown with knee-high uylon socks and teetering stilettos. Hamnett had the fluffy sweaters that are

a strong trend. Knits can bring a new softness to regular collections.

ISSONI sent out the current trends, from a paneled, flirty short skirt to the minishift dress, in its signature patterned knits, shown with matching hose. The best of the rambow coalition was when a long coat in this season's rich jewel patterns were married with something simple. Patterned velvets, although not new, made a nice evening statement.

The strength of Italy is also about the material world. Etro's inimitable plays on texture and print this season included neoclassical prints on silk or wool gauze, paiskey patterns for soft cape coats, and changing-ofthe-guard prints to go with a mili-tary theme. At Mario Valentino, skin games brought soft shearling coats with unstructured collars, Moand the ultimate in understated chic: suede with a hairy surface made to look like tweed.

The most succinct fashion statement came from Antonio Fusco. His luxurious fabrics were made into simple pantsuits or coats as soft as a bathrobe, with nothing flashy, fancy or tricksy. While most shows run half an hour late and are 45 minutes long, this was summed up in 30 pieces and shown in 15 minutes, causing Joan Kaner of Neiman-Marcus to exclaim: "They





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d Child and Coffeen

I THE AND SHAPE

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New Renaissance's dollar-bill and newspaper ball gown, left, and Helen Storey's hipster plaid pants and tailcoat.

# Whimsy Meets Arts and Crafts

ONDON — Naomi Campbell sa-shayed down the runway — the bod-ice of her ball gown made from \$100 bills molded in plastic, the petaled skirt from overlapping sheets of a financial

It was a fashion take on power, money and clamour by a wacky British group called The ance. And this work of art, lovinghandcrafted into fashion ephemera, seem to sum up the London shows, which opened the international collections for the autumn/winter

### LONDON FASHION

season. London was whimsical, charming, mildly intriguing — but a world away from big bucks fashion.

London's young designers, almost entirely art college graduates, are staging an arts and crafts movement not so different from that of a century ago. Just as William Morris and his pals rejected the industrial revolution, so the young of the 1990s are turning their back on main-stream ready-to-wear fashion.

There was Abe Hamilton, with appliqued silk flowers sewn by hand on long dresses in gauzy fabrics and dusty fin-de-siècle mauve and dovegray colors. At Liberty, the London store, justout-of-college kids showed creations sprouting eached mohair and gargoyles of rubber.

Then there were the feathers: caked in clay by Alexander McQueen, one of the hot new hopefuls; nanghty feathers peeking from pant-ies at New Renaissance; firrty marabou cuffs from Bella Freud; and a feathered neck piece in the feminist-turned-feminine clothes by Helen

"I think there is a shift away from the street style that British designers are known for," said Hamilton, 32, who trained as a painter. "It is all about beautiful clothes in lovely fabrics fashion to feel sexy, sensual and very femi-

The fashion message from the London shows was for pants and skirts slung low on the hips.

the better to flash the flesh below a highcropped sweater. (Navels will be on show next

There was also a move toward the empire line, with Betty Jackson's thin belts banding jackets high above the waist and John Rocha's weird silhouette of high-waisted flared dress in bulky tweed. Rocha's mini boleros, cropped above the bust, were a more successful way of changing proportions.

London's forceful knitwear brought clothesfor-real to the runway. The news was fluffy mohair knits and rugged oatmeal wool. The cream of the cropped sweaters came from Ro-cha and from Paul Costelloe, whose collection of flecked knits mixed with Irish tweeds brought grown-up clothes to the runway. Jackson also produced knits with a sportswear feel, but mixed them in a funky way with low-slung jeans or crinoline miniskirts.

Many London designers are still in the melancholic romantic mood that has suffused the international underground and produces long, dark dreamy clothes. Sonja Nuttall's show, with the title "Chiaroscuro," was lyrical in that minor key, with long, dark sweaters shrouding the body and mixes of textures in black fabrics.

Storey gave a new romance with a hard edge her collection, with its flower-patterned pantsuits, overlaid with transparent plastic, and

London's tailors with a young spirit include Freud, with fresh pink and blue colors, suits with flared skirts and knitted outfits. Edina Ronay sent out a cheery, upbeat collection touching on current trends, from fluffy sweaters to A-line skirts and space-age silver.

McQueen's claim to fame is that he trained at a Savile Row tailor where he made jackets for Prince Charles. His show had the wacky spirit expected from young London — sweaters with a two-lane highway of mesh revealing the bosoms and the new hipster pants slung so low that they revealed what can best be described as posterior cleavage.

Harvey Nichols did its best to help British

fashion's green shoots. The store staged two runway shows, which included long-line button-decorated tailoring from Somentag Multi-gan (designer duos are a big London thing) and Copperwheat Blundell's dresses in mixes of fabric, like a knit or velvet top with a woolen

N interesting group of designers showing in London at the St. Christopher's Place shopping precinct . featured Emma Hope's dainty shoes and Whitaker Malem's seductive leather corsets. Many of the young designers will go on to show in Paris, while other established British designers did not take part in London's threeday event. Jean Muir will wait to show in mid-March. Helen O'Hagan, viewing London shows for Saks Fifth Avenue, praised Belville Sassoon and other evening-wear designers who did not show on the runway.

Tomasz Starzewski, with short, perky suits and sleek cocktail outfits in crushed velvet, was the only representative of the Princess Diana designer brigade that was once the mainstay of London style.

The British Fashion Council, under its new chairman, Clinton Silver, made a valiant effort to get the London Fashion Week together, but the leaders of the pack have upped and gone. Katharine Hamnett shows in Milan; Rifat Ozek. Vivienne Westwood, and John Ut with a capsule collection, will be in Paris

London's fashion savior was Vidal Sassoon, a crimper who rose to fame along with London fashion in the swinging '60s. He went abroad to build his global empire, but seemed genuinely delighted to put something back into his native

"I love the freshness and the energy," said Sassoon, who viewed the shows with his wife, Rhoda. "The fashion schools are very good and turn out excellent young people, but there is no government sponsorship. It made enormous sense for us to help."

Suzy Menkes

### **BOOKS**

SANDCASTLES: The Arabs in Search of the Modern World

By Milton Viorst. 414 Pages. \$25. Knopf.

Reviewed by Hisham Sharabi

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N his important new book, Milton Viorst, the author of "Sands of Sorrow," a sensitive and deeply moving historical account of the

Palestinian-Israeli conflict, aims at a larger goal: a portrait of the contemporary Arab world as experienced in several visits he made over the past few years. His intention is not a scholarly or a systematic work, but rather a weaving together of impres-sions and insights of a society that he has come to know well and toward which he clearly harbors much

"Sandcastles" is composed of several well-knit pieces originally written for The New Yorker over the last decade and a half. It is divided into nine chapters, eight of which are devoted to seven Arab countries -Iraq, Egypt, Syria, Lebanon, Ku-wait, Jordan, including Palestine (only Iraq is given an additional

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chanter at the end). Two important regions of the Arab world, the Arabian peninsula and the Arab Maghreb (North Africa), are not included, while Turkey, a non-Arab Middle Eastern country is. The period covered is that of the 1980s into the 1990s, with brief forays into the recent past to explain various events and developments.

Viorst quotes effectively and at length political figures, intellectuals, women, religious leaders and ordinary people. In a postscript, which brings the narrative up to the aftermath of the signing of the Israeli-PLO agreement at the White House last September, he provides several fresh interviews reflecting Palestinian and Arab reactions to the breakthrough achieved by secret negotiations between the Israelis and the Palestinians.

The image implicit in the title, "Sandcastles," underscores the so-cial and political fragility of the contemporary Arab world. It is a weak and divided world composed of essentially unstable nationstates, ruled by "tyrants and secret police and corrupt bureaucracies, and states that "have repeatedly failed in diplomacy and war."

Viorst defines Arab culture as "preindustrial" and "defensive," always "falling back on old ways in response to new challenges." It is a confused and feckless culture. hopelessly torn between its two op-posing forces of "secular despotism" and "religious fanaticism."

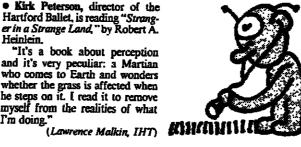
Viorst here is pointing to a peculiar sociopolitical malaise, true not only of Arab and Muslim countries, but of most neopatriarchal

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WHAT THEY'RE READING • Kirk Peterson, director of the

Heinlein. "It's a book about perception and it's very peculiar: a Martian who comes to Earth and wonders whether the grass is affected when he steps on it. I read it to remove myself from the realities of what



societies in the Third World - feminists, environmentalists, former members of Arab nationalist transitional societies, no longer genuinely traditional nor yet truly and other doctrinal political parmodern, caught up in the debilitatties, opposed both to authoritarian governments, as well as to fundaing and often paralyzing contradic-tions of inherited tradition and mentalist totalitarianism. overpowering modernity. In the Arab countries, frustrations of in-Compared to Islamic fundamentalism, the secular, democratic opdependence (arbitrariness of powposition movement in the Arab er, official corruption, rampant imworld has received little attention miserization) and humiliation at in the Western press; when considthe hands of the West (the United ered, its potential to forestall a fun-States) and Israel (the dispossesdamentalist takeover and to libersion of the Palestinians, the pillage alize political life is consistently of oil resources, the invasion and destruction of Iraq) have contributbeginning to dawn that this moveed over the last few decades to the ment may be the last hope of arrivdeep polarization Viorst refers to ing at some kind of accommoda-

between secularism and Islam.

But two points need to be under-

movement is not to be confused

with "despotic" secular regimes,

but must more accurately be seen

as the rising democratic movement.

composed of human-rights and

democratic-freedoms activists,

scored here. The first is that the pression and violence, but through dialogue with nonviolent groups within the Islamic movement. phenomenon of Islamic fundamentalism is not, despite all appearances, an all-inclusive, monolithic Viorst is not unaware of most of movement impelled by mindless these considerations, but his lively hatred of the West and committed approach does not lend itself to to total violence, but a highly diincorporating them in the dry anaverse movement composed of disparate groups with different attitudes and goals, ranging from liberal, nonviolent reform to the establishment of the Islamic state by force. Similarly, the secularist

lytical style of the cultural historian. That very approach of his, however, adds to, rather than detracts from, the tone of this fine, compassionate and compelling book.

tion with Islamic fundamentalism

in the Arab world, not through sup-

history at Georgetown University and chairman of the Center for Poli-cy Analysis on Palestine in Washing The trouble with 9 a4 No ton, wrote this for The Washington

**CHESS** 

By Robert Byrne LADIMIR KRAMNIK faced VLADIMIK KKAIVIIII national Chess Federation's elimination matches. In Game 1 of their match, the thrust 5...e5 defines a Sicilian Defense variation that has lately been named after the contemporary Russian grandmaster Yevgeni Sveshnikov for his study and adoption of it, although it was played as early as the mid-19th century. In the main line, 6 Ndb5 d6 7 Bg5 a6 8 Na3 b5 9 Bf6 gf 10 Nd5. Black yields control of the d5 square for the sake of obtaining the bishop-pair plus later counterattack in the center with ... 15. Since Black has been successful with this, Yudasin chose the calmer offshoot with 7 Nd5 Nd5 8 ed, which gives

The strategy is then transformed: White will try to capitalize on his queenside pawn majority and Black will aim for an attack on the opposite flank. Kramnik chose the more aggressive 8...Ne7 and 9...Nf5 in preference to 8...Nd8 and 9...Nbd7, which passively looks toward making the thematic c4 and underrated. But the realization is c5 difficult to achieve. The idea is

up the plan of occupying d5 with a

Position after 24 Re3

Hisham Sharabi, a professor of that 9 c4 fails to guard the d4 square, which will later produce a

The trouble with 9 a4 Nf5 10 c3. is that White is renouncing the c4. c5 attack. Instead, Yudasin devel-

SICILIAN DEFENSE 16 Be5 17 Radi 18 Khi 19 Rgi 20 Bg4 21 Rdei 22 Qc7 24 Re3 25 Nd6 25 Nd6 26 Nt5 27 Qd8 28 Qb4 28 Qb4 29 Qb4

oped piece pressure against the d6 pawn with 13 Qb3 and 14 Qb4. Rather than play 14...a6 15 Na3, which sets up the chance for 16 Nc4 and 17 Nb6 for White, or resort to the defensive 14...Bf8. Kramnik went on with 14...e4! just waiting to get his hands on 15 g4? by 15...Be5! 16 gf Qh4 16 f4 ef 17 Rf3 Qh2 18 Kf1 Bf5 19 Be3 (or 19 Rf5 Bg3!) Bg3! 20 Rg3 Qg3 21 Bf2 Qh3 22 KeI Re2! 23 Ke2 Qd3 24 Ke1 Re8

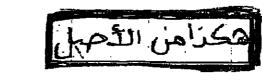
25 Be3 Qe3 followed by mate. After 15 Bf4 Be5 16 Be5 Re5 17 Radl, Kramnik fueled his attack with 17... Nh4! ready to deal with 18 Qd6 by 18...Q25 19 g3 Bh3 20 Rfel Ng2 21 Ref1 Ne3! 22 fe Qe3 23 Rf2 Rf5. Also, 18 Nd6 a5! 19 Qc5 Qg5 20 g3 Bg4! 21 gh sets up Bf3 22 hg Rg5 mate.

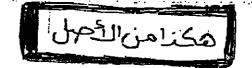
Yudasin tried to secure his king with 18 Kh1 Qg5 19 Rg1 Bg4 20 Bg4 Qg4 21 Rde1 Qf4 before taking the loose pawn with 22 Qd6, but Kramnik struck with 22... Nf5 23 Qc7 e3! and after 24 Re3, he let fly with the killing 24...Qe3!

Yudasin could not accept the queen sacrifice with 25 fe because of 25...Ng3! 26 bg Rh5 mate. Having lost a rook, he should have resigned on the spot, but possibly piqued, he continued on to 30...Qd5 before giving up.

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To our readers in Exments Disease # \$ C\$ " C"

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SEEKING SAFETY IN SUDAN — Refugees arriving in Augutwa, near the border with Zaire in rebel-held southern Sudan. Heavy fighting has displaced thousands of civilians, and the United Nations Human Rights Commission has reported massacres by both sides.

General Thomas Montgomery, will

either from a ship or from neigh-

The roughly 2,000 Marines on

ships off the coast will probably

remain until some time in April.

boring Kenya, officials said.

monitor Somalia and in particular with conflicting feelings: sorrow Mogadishu, until about March 31, over lost comrades and unclear

Aside from the ubiquitous sou- ble future for Somalia.

hands still here will return home

missions: bitterness because they

felt that they were never wanted

and hope that in some way their

presence did make a difference and

that anarchy is not the only possi-

# In Somalia, U.S. Packs Up Its Troubles

By Donatella Lorch New York Times Service MOGADISHU, Somalia - For more than a year, they were the most feared and powerful symbols of the U.S. military presence, but now the last Cobra gunships and reconnaissance belicopters are be-

ing rapidly and neatly packaged to They sit in rows at the port and on the transport ship like Thanksgiving turkeys, every inch shrinkwrapped by powerful propane guns with white plastic that hugs their

bulky curves. Nearby, American soldiers spend hours spray-washing tanks and Humvee jeeps, cleansing them of Somali dirt so that they pass standards to enter the United

At the airport, in the searing summer heat, the incessant landings and takeoffs blow the sand in choking blizzards. The pace of packing remains frenctic, although most American troops have already left Somalia, and almost every soldier who remains is just counting

The troops are leaving at least five days before the stated deadline of March 31. Unlike the landing in December 1992, which took place under the glare of television lights at prime time, the exodus will be without fanfare.

Officials have not even decided whether to have a ceremony to low-

tary official. "We're an embarrass-ment to the administration. I don't House lawn like returning heroes."

The American troops came to bring peace and feed the hungry, and they leave behind a Somalia caught between the fear of anarchy and the hope of a political solution. had a physical presence on the will automatically take over with-

months, the impact of their deparmonths, the impact of their depar-ture is more psychological than commanding officer, Lieutenant woven baskets, the few old Somali anything else.

So far, security has not deteriorated markedly. Political negotiations between warring clans are continuing, but so is ubiquitous banditry and looting. There are frequent firefights in the streets, and Somalis walk about carrying AK-47 assault rifles and rocket-pro-

pelled grenades. On Sunday, American soldiers shot and wounded a Somali gunman near the airfield after six Somalis fired on a sentry position, said Colonel Steve Ransch, the chief spokesman for the U.S. mili-tary. A second Somali was shot by his countrymen, he said.

In the southern port of Kismayu, heavy fighting has erupted several times between General Mohammed Farrah Aidid's ally, Colonel Omar Jess, and his rival, General Mohammed Said Hersi Morgan, and U.S. officials expect a military showdown in coming months.

More than 2,500 American troops remain on the ground in Somalia, and about 3,000 more are offshore. But by March 25, all but 50 Marines guarding the U.S. Embassy will be gone, U.S. military officials say.

All the other troops have already ssembled on the airport grounds, and most will have left in the next

er the American flag.

"It's a fizzle," said a senior mili
"It's a fizzle," said a senior mili
200 newly arrived Marines took In the last few days, more than over from the army all tasks involving security, communications, artilthink we'll be invited on the White lery and helicopter reconnaissance

Military officials say these Marines, who can pull out of their positions within three to six hours, only control the inner security ring at the airport, so that in theory the Because the Americans have not UN troops guarding the outer ring streets of Mogadishu for many out having to physically move in

# **Emperor's Brother** Dies in China at 87

BEIJING — Pu Jie, 87, brother of the last Qing emperor and one of China's final links to its imperial past, died of prostate cancer Mon-

Born in Beijing in 1907, Pu Jie grew up in the final years of the Qing Imperial Court, which maintained its grandeur even as it lost control of the country.

He was the chief playmate for his brother, the boy emperor Pu Yi, who was deposed at the age of 6 by the Nationalist revolution of 1911. The imperial brothers, along with legions of retainers and a special staff of emuchs and concu-bines, remained in Beijing's For-bidden City for a further 13 years

cut off from the world. Their life of inflexible ritual amid dynastic ruin was the subject of a film, "The Last Emperor," by Remardo Bertolucci.

Fortune turned with Japan's invasion of China in the mid 1930s, and Pu Yi was briefly made emper-or of the puppet state of Manchukuo, which encompassed Manchu-

Pu Jie, who had studied at a Japanese military academy, was married to a member of the Japanese aristocracy and named heir

apparent. Manchukuo was short-lived, and both brothers were captured by the Soviet Army after Japan's surrender in 1945. In 1950 they were handed to China's Communist rulers and underwent almost a decade of political "re-education."

They were released in 1959, and the last emperor lived out his days as a gardener in one of the former imperial parks until his death in

Pu Jie was eventually more fully rehabilitated. At the time of his death, he was a member of the standing committee of China's parliament, the National People's Congress, where he represented China's five million ethnic Man-

His last public appearance was in October 1992, when he emerged to greet Emperor Akihito of Japan.

### Sir Harold Acton, 89, Art Critic and Collector

FLORENCE (AP) - Sir Harold Acton, 89, a writer, art collector and contemporary of some of the century's leading creative and political figures, died Sunday at his

Sir Harold, an heir to a British tired in 1985.

family with deep ties to Italian no-bility, had been in failing health for

He was the author of more than 25 books, many poking fun at the pretenses of wealthy expatriates or recounting his years as a university professor in China. His books include "The Last Medici" (1932), "Peonies and Ponies" (1941) and a collection of short stories "The Soul's Gymnasium" (1982).

He also was a world-renowned art collector and patron, filling his villa, La Pietra, with paintings and

sculptures from all over the world. Sir Harold was host to leaders such as Churchill and Prince Charles and forged friendships with writers and artists including D.H. Lawrence, Aldous Huxley, Graham Greene and Henry Moore. He spent much time with Picasso.

He donated La Pietra to New York University to be used for international seminars. Another of his estates in Florence houses the British Institute. Leopold Kohr, 84,

Of 'Small Is Beautiful' Fame GLOUCESTER, England (Reuters) — Leopold Kohr, 84, an Austrian-born social philosopher who inspired the doctrine "small is beautiful" has died in Gloucester.

Described as a "prophet of our time," Mr. Kohr's reputation rests on his 1957 book "The Breakdown of Nations," a work of political philosophy that expounded on the theory that "small is beautiful."

Lieutenant General Laurence C. (Bill) Craigie, 92. America's first military jet pilot and a command veteran of World War II and Korea, died Sunday. On Oct. 2, 1942, he flew the Bell XP-59A Airacomet, the first U.S. jet airplane, after two flights by a civilian test pilot, Bob Stanley. General Craigie was air commander on Corsica in 1944, deputy commander and chief of staff for Far East air forces during the Korean War, and was in charge of the North Atlantic Treaty Organization's air forces in southern Europe in the 1950s.

Charles Bernard, 77, who reported from around the world during a 41-year career with United Press International, died Friday, Mr. Bernard, who joined UPI in 1944, managed the service's Vienna and San Francisco bureaus before going to Honolulu in 1952. In 1965, he moved to the Australia-New Zealand bureau, and 10 years later he was transferred to Iran. He re-

# New Heights for Gambling in Nepal

Vegas, but when the betting bug bites in this corner of the world, who's got the time — not to menride? That, at least, is the logic of R. D. Tuttle, the Casino King of Katmandu, who is overseeing a massive expansion of gambling parlors in the capital of a country better known for high mountains

than high rollers. Legal gambling is perhaps one of the best-kept secrets of Katmandu. which allowed its first casino to open in 1968. Under an economic liberalization program begun three years ago, three more casinos have opened. All four are operated by Mr. Tuttle, an entrepreneur from Oregon who has been spreading slot machines, card tables and roulette wheels across Asia for about 20 years.

Mr. Tuttle ligures he knows his clientele, and as unlikely as it seems, he is banking on gamblers from some of the world's poorest countries to make his casinos a hit.

"We're within 21/2 hours' flying time of eight cities with more than 6 million people each and 25 percent of the world's population, but no casinos," he explained. "No one promotes casinos in Pakistan, Bangladesh and India, so we have our own little pool with not much competition, and we concentrate our marketing there."

Dressed in a gray suit and a

not even a good casino," Mr. Tuttle market rupees to wager. know as a gambler: If you're a class spend it in India because the in-

By John Ward Anderson white shirt with a diamond ring Mashing on one hand, the portly Nandy, said poor people often are tract foreign exchange to the country. Nepal Recreation Centers, the KATMANDU, Nepal — It is Mr. Tuttle looked slightly out of avid gamblers "because it gives company that runs the casinos, not Monte Carlo and it is not Las place at a small, stained eating ta-them a false sense of a chance of a pays a \$1 million per year royalty ble in the Casino Anna. With red lifetime to remedy their situation." velvet curtains draping a cavernous He also noted that experts estimate hall and rock music sneering over as much as 40 percent of the Indian tion money - for a 12-hour plane the sound system, the ambiance economy is underground, meaning was definitely Third World kitsch. that many not-so-poor Indians
"This is not a great casino. It's have millions of untaxed black

acknowledged. "But one thing I "They can't put it in the bank or

'This is not a great casino. It's not even a good casino. But one thing I know as a gambler: If you're a class C horse, you don't run in a class A race.'

R.D. Tuttle, entrepreneur

C horse, you don't run in a class A

At the other end of the spectrum up" by gambling, Mr. Nandy said. is the Casino Royale, which opened nine months ago in the ballroom of a 150-year-old palace.

gambling at the casinos, which ca- around 10 P.M. ter primarily to Indian businessmen who live in or visit Katmandu

95 percent of the gambling.

come tax guys will grab it, so it becomes devalued and they burn it The casinos are also a late-night

attraction for foreign tourists who are not used to the early hours kept Nepalese are prohibited from in Katmandu, which shuts down "This time of night, it's the only place you find open," said Daniel and to trekkers from around the Roth, 30, an American who was

world who generally spend a few playing the slot machines in the days in the capital before and alved climbing trips in the Himalayas.

While about 65 percent of the casino visitors are Indians, Mr. doing O.K."

There is virtually no public option of the casinos, which atdays in the capital before and after Casino Royale early one morning.

position to the casinos, which at-

to the government, which also takes

35 percent of the pretax profits. according to Mr. Tuttle. He said the business is highly dependent on tourism, which was down 30 percent in Nepal last year,

largely because of the worldwide While some Nepalese feel they should be allowed to gamble as well, others said the ban was necessary because Nepalese are among the poorest people in the world,

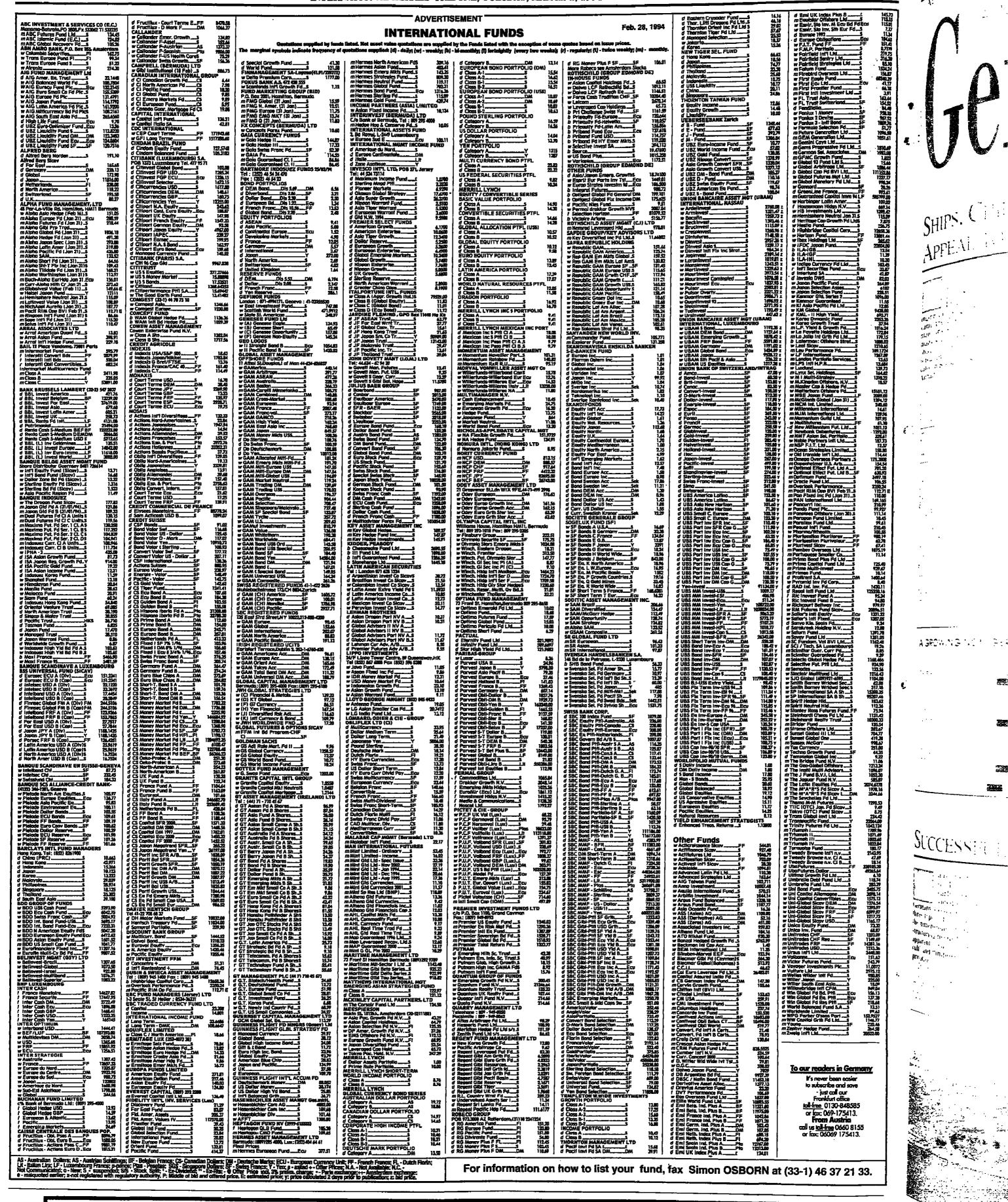
with a per capita annual income of \$170. Nonetheless, judging from atten-dance at the casinos one recent Saturday night, many Nepalis manage

"I come here when I consume whiskey and I'm drunk," said Mahesh Agarawal, a Nepalese plywood dealer who visits the casino: about twice a month. Mr. Agarawai said that since he is of Indian heritage and does not have the facial features common to many Nepalis, he generally is not challenged when entering a casino.

"A man must be intoxicated, then it doesn't matter what face he has," Mr. Agarawal said. "The casinos always welcome people who have money in their pocket."

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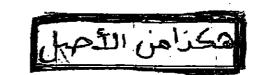
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ADVERTISING SECTION

# A NEW-STYLE BUSINESS COMMUNITY Jermany's New States

# SHIPS, CHIPS AND ENERGY APPEAL TO FOREIGN INVESTORS

n July 12, 1990, Lafarge Cop-pée S.A., the French building-products giant, became the first non-German investor in Germany's new states. The object of its investment was a cement producer located in Karsdorf, Saxony Anhait.

The newest "foreigner," at the time of this writing, is lialy's Riva group. At the end of January, the Treu-hand gave its final approval

The transition takes days, not years

to this highly successful steel manufacturer's acquisition of a majority stake in EKO Stahl AG, located in Eisenhüttenstadt, Brandenburg. Riva has committed itself to investing 1.1 billion Deutsche marks (\$625 million) in EKO over the next three years.

Between Lafarge's and Riva's privatization projects, there have been 1,818 other ones by foreign companies. These have secured 146,000 jobs and generated

and privatization proceeds. These figures are impressively large - and incomplete. They refer only to the initial investments by non-German companies under the Treuhand's jurisdiction. and do not include the follow up, side-by-side or greenfield investments that often follow the privatiza-

tion process. Nor do they include, as Treuhandanstalt President Birgit Breuel points out, "indirect investment" in the region - investments made by international companies via their German subsidiaries.

All this investment has been characterized by great diversity of activities and investors.

As a rule, outside investment in any particular country is lopsided, concentrated on a limited number quick-return areas: raw materials extraction, importexport and real estate.

The opposite trend is developing in Germany's new states. Mecklenburg-Western Pomerania is a good example. According to the lat-

25.6 billion Deutsche marks est and by no means comin investment commitments plete count, this relatively rural, sparsely populated state has attracted 133 major investors from 14 countries. These foreigners are involved in literally every aspect of business life in the state.

A Guatemalan company forwards ocean-bound freight from the Port of Rostock. One of its neighbors is an Icelandic-owned fish-

ing operation.
Thirty-five kilometers to the south, in the town of Güstrow, a Greek-run kitchen furnishings and fittings manufacturer, Yianni Systema/Mecklenburg-Küchen Güstrow GmbH, has become one of the rising stars in Eastern Germany's business scene.

France's Danone produces yogurt in child-sized containers in Hagenow; Switzerland's Nestlé, baby food in Malliss/Conow. Other produced by the items state's "foreigners" range from ships (Kvaerner's works in Warnemünde) and sugar (Danisco's refinery in Anklam) to CDs (a Swissowned company in Witten-



Business and leisure travelers are welcome in Germany's new states (left); a new economy is being built up throughout the region (right).

French-led Eurawasser in Rostock), advanced phar-(Swedishmaceuticals owned MTN Medizintechnik in Neubrandenburg) and recycled plastics (Aquarius, a Dutch-owned company, located in Fried-

The individual companies are as heterogeneous as the corporate sector they comprise. Konstantinos Chryssanthakopoulos, Yianni's chairman, describes the communication with Managing Director Peter Bobzin as "a little bit choppy, but effective." This is not particularly surprising, since the executives communicate in neither Greek nor German, their respective

burg), potable tap water (the native languages, but in uct and production lines and

English.
This heterogeneity extends far beyond means of communication. Mr. Chryssanthakopolous came to Güstrow with a detailed knowledge of Europe's furniture and financial markets, and virtually no acquaintance with local operating conditions. His mix of experience and inexperience neatly complemented that of the senior managers Mecklenburg-Küchen Güstrow GmbH, the company he acquired from the Treuhandanstatt in Decem-

Peter Bobzin's team had already done some valuable preliminary work in reorganizing the company's prod-

distribution system. "Our new investor brought us some key things we had been missing - the money and expertise to take on world markets," says Mr.

Bobzin. A simple factor explains why these companies are so polyglot: thanks to the Treuhandanstalt's indefatigable, worldwide privatization marketing activities, the investment process has been speeded up by a factor of ten. A decade or more generally elapses between a company's initial founding of a foreign outlet and its final upgrading into a fullfledged production operation. Items emerging from this facility are often "imports" - internationally proven products manufactured for local markets.

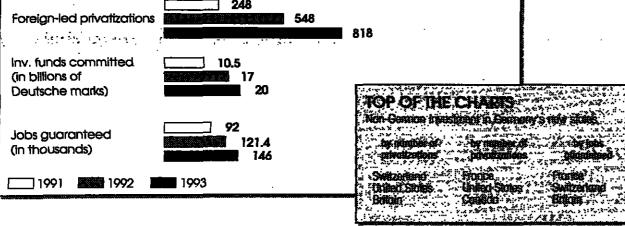
During this decade, local managers have been schooled in the ways and languages of their international parent companies; international executives have attended language schools and "multicultural manage-

ment methods" courses. The new owners of former Treuhand companies. however, are "instant investors." Their orientation period was denominated in minutes and days, not months or years. There was no phasing-in of operations. Existing businesses had to be kept in operation while new technologies were introduced and new products gian-East German hybrid.

developed. "A yours, mine, ours approach" is how an Italian investor recently described the multicultural operating style emerging at his company's East Berlinbased pharmaceuticals subsidiary.

All in all, it has been an exciting, if not always easy, time, non-German investors report. "The challenge of living up to my agreements with the Treuhand while meeting the expectations of my investors back home. and at the same time doing business in a new environment, has been quite memorable," says Otto Söberg, chairman of the board of Kvaerner Warnow Werft, the Rostock-based Norwe-

# A GROWING NON-GERMAN PRESENCE IN GERMANY'S NEW STATES



# SUCCESSFUL SHIPBUILDING: KVAERNER

in 1990 and early 1991 divided Eastern Germany's economy into three types of sectors as the dimensions of its restructuring needs became apparent: "easy," "diffi-cult" and "impossible" to

The shipbuilding sector, located on Mecklenburg-Western Pomerania's Baltic coast, made everyone's "impossible" list. The rea- of the world's largest - and

But in August 1991, a Warnemünde. "Our compagroup of business executives from the Kvaerner group arrived in Mecklenburg-Western Pomerania. Kvaemer, Norway's largest privately owned company, had recently made a major move into shipbuilding from its traditional focus on power generation, mechanical engineering and paper production. Within the short space of three years. Kvaerner had become one

Shiphuilding in Mecklenburg-Western Pomerania: a long history of successful projects.

According to Otto Sö-

berg, chairman of the board

of management of Kvaerner

soning: world markets were most profitable - ship-

glutted with ships, and even builders.

highly efficient, ultramod-

ern shipyards in Western

Europe were registering

losses, so who would want

to acquire these massive,

outdated yards?

assumption funds had been out together by the agency, ny had been looking for an the state of Mecklenburgon-market base in Central Europe for some time," he Western Pomerania and the says, "and the invitation federal government, the from the Treuhandanstalt transfer of the company's ownership was finalized in and the state government of Mecklenburg-Western Po-October 1992. "Anywhere I look, all I merania came at the right see is a construction site." moment."

In October 1991, after considering another shipyard, Kvaerner selected the Warnow yards in Warnemünde, Rostock's port. Warnow had a long

involves the revamping of 80 percent of the facilities on the 900,000 square meter (9.6 million square foot) The heart of the "new" Warnow shipyards will be a state-of-the-art partially covered dry dock, 320 meters long. All told, Kvaerner has allocated some 500 million Deutsche marks

> While all this is going on. ships are still being built in Warnow's "old" yards, which are currently processing orders for seven vessels.

(\$285.7 million) to the pro-

says Mr. Söberg. This con-

struction activity, which be-

gan in the summer of 1993.

"Our timetable calls for production in the new shipyards to begin in 1995 and our first ships to be completed in April 1996," says Mr. Söberg, adding: "And as we've met every deadline up until now, I can't see and honorable past - some any reason why we won't make this final one. We'll 360 deep-sea ships had been built there since 1957. be bringing out advanced-In January 1992, Kvaermodel ships: a doublehulled tanker, a large-sized ner began negotiating with Warnow Werft, there was the Treuhandanstalt. After a bulk carrier, a container carno secret about why generous package of debt rier and an LPG [liquid pe-Kvaerner had come to and environmental-liability- troleum gas carrier.

### tion to a change in the technical skills - the govhesys is a model world's electronics markets company, with

model products model management. Its first commercial product, TheVideo," has just been introduced to the multi-

media market. The Video is a chip that equips PCs with low-cost video display and process-ing capacities. It has already been hailed as "one of 1994's can't-miss products" by German trade papers.

In November, the company's managing directors, Hans-Jürgen Straub and Claudio Loddo, were awarded Forbes Germany's prize for management excellence in Germany's new states. The Erfurt-based compa-

ny is a role model in another way. It provides an example of how private-sector know-how and public-sector support, international outreach and home-grown talents can be fused into a single entity. Chip manufac-turer LSI Logic, headquar-tered in Milpitas, California, holds a 19.8 percent stake in Thesys' equity. The rest is owned by Landesbank Hessen-Thüringen, a publicsector bank, on behalf of the state of Thuringia.

The history of Thesys' privatization also serves as a model - a model of unwavering perseverance in the face of many obstacles. It took several attempts by the Treuhandanstalt and the state of Thuringia in addiand two and a half years of patient funding to put Treuhandanstalt were gen-Thesys Gesellschaft für erously funding PTC's Mikroelektronik mbH (its upgrading. full name) together.

STATE-OF-THE-ART CHIPS: THESYS

Supporting the current growth in the global chip market - production is to rise by 10 percent this year - is a greatly increased demand for new-generation smart-cards and mobile telephone systems. In 1990, there was a glut

of chips on the market, and Western producers were letting Asian companies dominate the sector. Even such well-established American market-makers as Intel and Motorola were losing ground. A new European producer, especially one in East Germany, was the last thing in which the world market was interested.

In early 1990, Claudio Loddo, then general manager for Europe/International of LSI Logic, was approached by representatives of PTC GmbH, as Thesys was known then. "They wanted to purchase some items from us," says Mr. Loddo, a 41-year-old native of Sardinia. "I went to Erfurt, looked at their facilities and was impressed by what I saw.

Erfurt had been a prime site of East Germany's lavishly expensive venture into chip manufacturing. In an effort to preserve this venture's legacy - a stock of advanced capital goods and recently recruited Mr. 1994.

ernment of the new state of Thuringia and the

Early in the privatization

Loddo - had a clear perception of its market niche: high-value-added ASICs (application specific integrated circuits) using proprietary designs. In 1993, Thesys recorded a turnover phase, the region's econom- of 30 million Deutsche



A vision of the future: this company concentrates on chips.

ic authorities deemed the marks (\$17.1 million). saving of Eastern Germany's microelectronics industry a "must." Thesys was one of the final products of their efforts to promote the industry's growth. On October 22, 1993, the

operations. Its management

"It was a year of reorganizing and getting started. In the face of fierce competition, we secured 40 different chip-design development orders in 1993. This year is when we really take new company launched on international markets," says Mr. Loddo, who forewhich now included the casts a doubling in sales for

# POWER SUPPLY GOES GLOBAL: MIBRAG

Until recently, power supply was a closed shop in European countries, a no-go sector for foreign companies. The European Union has been striving to break: up these de facto monopolies for the last decade. On December 8, 1993, an impor-

tant breakthrough was achieved. MIBRAG (Mitteldeutsche Braunkohlengesellschaft mbH) was privatized. Located in southern Saxony-Anhalt, MIBRAG is one of Eastern Germany's two largest suppliers of lignite, and operates three industrial

power plants. MIBRAG's new owners are an Anglo-American consortium comprised of NRG Energy (one of the United States' 25 largest power-plant operators), PowerGen (one of the United Kingdom's two recently privatized electricity suppliers) and the Morris Knudsen Corporation (an integrated mechanical and power engineering compa-

The consortium is to spend1.3 billion Dentsche marks (\$742.8 million) over the next 10 years to modemize mining operations and outfit economy.

the power plants with state-of-theart scrubbers and other emissionreducing equipment. At least 2,100 jobs will also be created. The clean-up factor is, in one

sense, the crux of the deal. Lignite is abundant in Germany's new states and has long been a source of employment, power - and pollution. Thanks to this advanced equipment, which reduces noxious emissions by 50 percent to 95 percent (depending on the pollutant), lignite will continue to fuel power plants and the local

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Germany's new states are moving in the right direction. Powered by the collective and individual efforts of the region's residents, eastern Germany's economic structures are being transformed. One major part of this transformation has been effected by the Treuhandanstalt, which has privatized thousands of centrally-controlled economic units since summer, 1990, when the agency launched its main operative phase. Before the ultimate goal of creating a functional free market economy in Germany's new states has been achieved, many obstacles have to be overcome. The region's companies are still contending with slumps in their traditional markets in both eastern and western Europe. The companies themselves are undergoing the rigors of top to bottom revampings of their production facilities and operating technologies. Carrying this out has involved the highest degree of toil and personal sacrifice. Many persons have been confronted with the loss of their jobs and with corresponding periods of unemployment, others with the challenge of learning a new profession. Despite this, one fact remains of central pertinence: the transformation has gotten off to a solid start. The region's newly-recreated economy is generating products and services well capable of competing successfully on international markets. This fact is documented by the figures for sales made by the region's individual economic sectors. The worst is over for eastern Germany's economy, a time of growth is at hand.

# Focus on: TLG and property

The Treuhandanstalt has the world's largest portfolio of real estate. This portfolio is managed by the TLG, a Treuhandanstalt subsidiary, and comprises everything from downtown la sites to exurban business properties with quick access to divided highways and rail lines. The TLG's portfolio also includes palaces, lakeside plots and properties on the Baltic Sea. For the innovative investor, the TLG has something special to offer: "Amerika", 28 acres of riverfront property featuring an historic textile mill and related facilities and grounds.

A full-service provider, the TLG is headquartered in Berlin and maintains offices in all five of Germany's new states. These offices are staffed by professionals with an in-depth knowledge of local real-estate markets.

Compensation packages were provided to those experiencing – a sadly unavoidable—loss of their jobs. Both these packages and job-creation programs were often made possible by large expenditures of Treuhandanstalt funds. Despite all the changes taking place in the region's companies, they have never stopped investing in the future and in tomorrow's human capital. Some 6.8% of all persons working at the region's companies are trainees—an

average exceeding those in western Germany.

The industrial sector in Germany's new states has registered a further rise in output. Companies privatized by the Treuhandanstalt over the past three years have played a major role in causing this "marked increase in the level of industrial activity in the new states". as it is being termed by leading German economic institutes. This industrial sector is not only growing in both size, but also in sophistication. One prominent example: plans are being finalized to produce ultra-high performance chips in Saxony. Siemens intends to capitalize on the Dresden region's years of experience in manufacturing advanced electronic components when undertaking these production activities. The Treuhandanstalt has helped sustain the area's manufacturers during their time of transition.

Other prominent example of the region's companies taking on highly competitive world markets is in Thuringia, where Carl Zeiss Jena and its associates have developed new ranges of optical and microelectronic products and sensoric instruments. Underpinning this new start is a new operational productivity in the companies involved.

Another example is in Mecklenburg-Western Pomerania's shipbuilding sector, long a traditional activity on the Baltic coast. Newcomers to ranks of the state's shipbuilders (but by no means to the international shipbuilding market) are Kyaerner, the Norwegian company, and Hanse Holding, part of the Bremer Vulkan group.

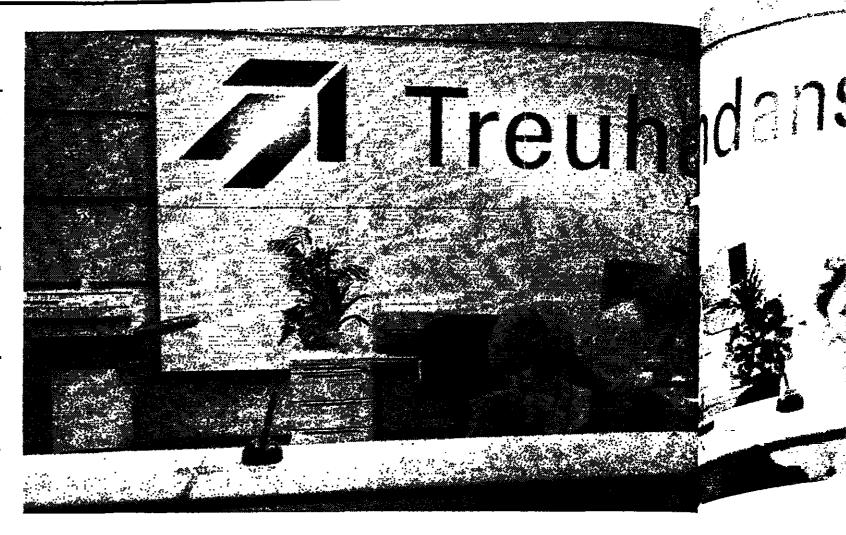
EKO is a steel-manufacturing company located in Eisenhüttenstadt, Brandenburg. Its future has just been resolved. Italy's Riva group will acquire a majority stake in EKO and will manage its operations.

The new states' industrial transformation has been especially pronounced in Saxony-Anhalt's "Chemical Triangle", which is located between the cities of Halle and Merseburg. One of the facilities issuing from this sweeping change is a new refinery located in Leuna and belonging to France's Elf-Aquitaine.

These are just a few of the 47,000 privatizations already facilitated by the Treuhandanstalt.

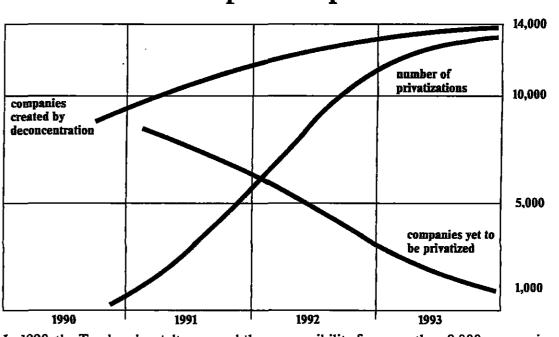
As of January, 1994, the Treuhandanstalt's portfolio contained less than 300 companies still seeking private-sector ownership. This relatively small number does not, however, by any means indicate that the agency is running out of things to do.

Quite the opposite. The Treuhand-Liegenschaftsgesellschaft mbH (TLG) is the agency's highly-active real estate arm. One of the factors boosting the growth of a broadbased corporate sector in Germany's new states has been the corresponding rapid development of its real estate market. The TLG and its partner companies have played – and are playing – a major role in creating and further developing this market.



# German (ea The Treuhanans set theour

Privatization: the path to a private sector



In 1990, the Treuhandanstalt assumed the responsibility for more than 8,000 economic units, which had formed part of East Germany's centrally planned economy. Through deconcentration and split-offs, some 13,000 independently-run companies were created. As of the beginning of 1994, some 300 companies were still awaiting privatization.

<u> </u>	<del></del>			
The Treuhandanstalt's balance sheets in 1990/91 and in 1992	DM opening balance sheet 1.7.90	corrected opening balance sheet 1, 7, 90	balance as of 31. I2. 91	balance as of 31. 12. 92
ASSETS	in DM	in DM	in DM	in DM
A. Property transferred to the Treuhand under the Trusteeship Act ("Treuhandgesetz") and the German-German Agreement on Unification ("Einigungsvertrag")	million	million	million	million
Agreement on Unitization ("Einigungsvertrag")  L. Equity held	78,909	77,836	45 560	33.004
II. Mining property	1.387	1,388	45,568 982	33,004
III. Agricultural land and forestry properties	16,063	15,959	982 15,310	466 14,661
IV. Other non-financial assets	5,772	6,053		5,228
V. Claims against Treuhand companies claims arising from liabilities for equalization accruing in accordance with § 25 DM BilG	3,772	0,033	5,331	3,220
(Germany's law on balance sheets)	6,177	5,544	2,712	954
loans to partners	5,667	8,250	8,366	8,669
B. Other assets held by the Treuhand				
<ol> <li>Fixed assets</li> </ol>				
Intangible assets			4	4
Tangible fixed assets			63	84
Financial assets			0	501
II. Current assets			_	
Goods on hand Receivables and other assets	213	213		
a. Due from privatization agreements			£ 630	
b. Due from Treuhand companies			5,832	3,910
c. Due from affiliated companies			80	416
d. Other assets	25	25	2 688 ·	98
Securities			088	1,249 1,856
checks, cash on hand and at banking institutions	18	18	301	247
C. Accruals and deferrals			0	186
D. Deficit	209,291	235,015	246,585	250,318
Sum totals	323,522	350,301	331,824	321,851

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Anupswing in 1



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An upswing in production

construction

basic and producers' goods

July - December, 1990 = 100 % capital goods

60 %

50 %

This is a graphical presentation of the net industrial production in Germany's new states. The point of reference (100%) is July – December, 1990. As the chart indicates, the individual sectors have experienced divergent paths of development. The construction sector is growing explosively; the region's capital goods producers are still suffering from the crumbling of markets in eastern Europe.

	DM opening balance sheet 1.7.90	corrected opening balance sheet 1.7.90	balance as of 31. 12. 91	balance as of 31. 12. 92
LIABILITIES	in DM	in DM	in DM	in DM
A. Reserves	million	million	million	million
I. Reserves constituted to provide for the restructuring				ł
of properties held				
for Spancial expenditures resulting from recapitalization	30,573	38,292	24,709	15,385
for reorganization and for privatization, including	•	:		ļ
liquidation and settlement	165,805	190,007	161,558	131,669
for assignment of assets to municipal and regional				
authorities and to original owners (reprivatization)	18,918	17,720	11,369	6,556
II. Reserves constituted to provide for transfer				
J	12,981	9,992	9,992	10,771
THE Property providing for commitments to compensate		j		
for loss of property value, constituted according to		_		
C	14,950	10,400	10,399	9,646
The December providing for commitment to make interest	· 1	!		
to the credit sellement lune	17,535	15,233	14,098	6,450
v. Reserves for pension payments and similar obligations			10	17
VI. Other reserves	6,504	5,784	5,292	5,262
B. LIABILITIES	ĺ			17,038
I. Loans	39,893	44,440	74,401	96,838
I. Liabilities to credit-dispensing institutions  11. Liabilities to credit-dispensing institutions  portion attributable to liabilities assumed		´ }	49,922	56.682
portion attributable to tradition agreements	1		· 3	111
portion dirrodates to instruction agreements  III. Liabilities arising from privatization agreements	İ		۱ ۱	
IV. Liabilities arising from products beneated and		i	56	90
	Ī		- 50	,,
V. Liabilities to Trenhand companies	l	-	J	
V. Liabilities to Trenhand companies  Liabilities arising from claims for compensation arising	14,546	17,029	15,534	15,076
from § 24 DM BilG (Germany s law on calabos)	1,817	1,404	3,315	5,459
: *****	-,,	1,101	3,515	115
VI. Liabilities due to affiliated companies		l	1,082	1.276
VII. Other liabilities	Į	İ	1,002	•
C. Accruals and deferrals				92
C 70014400	i	I		

The Bodenverwertungs- und Verwaltungsgesellschaft (BVVG) is charged with administering the agency's portfolio of 3.7 million acres of agricultural land and 2 million acres of woods. In financial year 1992/93, the BVVG concluded 9,412 lease agreements; for 1993/94, more than 6,700.

The Treuhandanstalt's contract management department is also quite busy managing its nearly 30,000 "charges". The department's job is to ensure that the agency's contractual partners adhere to these agreements. On a contract by contract basis, the department supervises compliance with such items as number of jobs guaranteed and investment commitments. All told, the Treuhandanstalt's contracts now involve DM 45 billion in proceeds from privatization, guarantees of 1.5 million jobs and commitments to invest DM 180 billion.

Another of the Treuhandanstalt's major, ongoing responsibilities is returning property expropriated by the East German government to the region's districts and large-sized cities. To date, local governments have placed 76,978 applications for the return of such items as airports, street car lines, daycare centers and sports facilities. Of those applications, more than 31,000 have already been processed and resolved.

An onerous responsibility remains the administration of the "special property" formerly in the possession of the "Commercial Coordination" department of the East German security forces and of that previously owned by the country's Communist party and related organizations. This responsibility has an especially vexing dimension. These assets, presumably worth billions of marks, must be first tracked down.

Three thousand companies had reached the point where their reorganization and recapitalization was no longer possible. These companies had to be closed down. However, by selling individual operations or assets, liquidators employed by the Treuhand have been successful in securing more than one third of all jobs at these companies. The majority of these liquidations won't be concluded within the immediate future.

When its companies have been privatized, the story of the "Treuhandanstalt" – in its present form – will come to an end. Its objective was and remains to put itself out of business. The Treuhandanstalt has submitted proposals to Germany's law-makers on ways to restructure the agency's operations in the post-privatization phase. Now it's up to the law-makers to decide.

This transition of operations has been scheduled for the end of 1994. The Treuhandanstalt will bequeath a sound financial situation to its successors. Balance sheets have been compiled and audited, reserves have been formed for future eventualities. Money spent by the agency went to secure jobs and the future of the Treuhandanstalt's companies.

In doing this, the Treuhandanstalt could not avoid making mistakes. District attorneys are currently prosecuting a number of cases. These will then be brought for resolution in courts of law. The Treuhandanstalt is actively supporting the prosecuting authorities in their efforts to combat this form of white-collar crime.

# The TLG in facts and figures

- The TLG currently has some 70,000 properties in its portfolio.
- 980 persons are employed at its headquarters and at its fifteen offices.

The track record 1991 to 1993
Some 25,400 properties have been privatized, resulting in proceeds of DM 14 billion, investment commitments of DM 39 billion and the guaranteeing of 240,000 jobs.

A broadly-based private and public sector coalition is currently promoting purchases of products and services from Germany's new states. Participating in this program is one way to assist the persons in Germany's new states in their efforts to transform their economic system.

# Your questions for the Treuhandanstalt.

Fax your queries to (+49-30) 31 54 10 33.

I would like more information on

- the Treuhandanstalt's entire range of activities
- the Treuhandanstalt's finances
  - companies still awaiting privatization
- the sales campaign on behalf of companies in Germany's new states
- | TLG and property
  - business opportunities
    provided by the region's small
    and medium-sized companies

Our address:

Treuhandanstalt
Public Relations
Detlev-Rohwedder-Haus
Leipziger Strasse 5-7

D-10100 Berlin



on Low Stock

NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

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Monday's Closing
Tables include the nationwise prices up to the closing on Wall Street and do not reflect to trades elsewhere. Via The Associated Price

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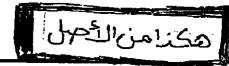
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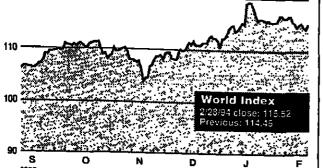
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densited a court will be published in the lift in a few weeks since.  Reason samplet and return the questioninaire to RSL using the folding as que plus on the sweets:	cards. (Please check all that apply)  AT&T MCI Sprint	Manufacturing/Engineering Medical
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YOU AND THE INTERNATIONAL HERALD TRIBUNE	None Twice 6-9 times 508 Once 2 3-5 times 10 or more times 6	22. What is your job status?  Proprietor/Partner  Chairman/  Medical Practitioner  Medical Practitioner
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subscription delivered to your office – personal subscription  - circulated copy  3	(Write in)  12b. In which country are you currently resident? (Write in)	Middle Management Senior Government Officer/ Diplomat Senior Gover
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friend or colleague's copy airline / hotel copy 7	country of residence?	23. For which, if any, of the goods and services listed below are you wholly or partly responsible for company decisions
2a. How often do you usually read or look at the IHT?	Less than 6 months 1 1 - 2 years 3 5 - 10 years 5 4 10 or more years 1 10 or more years	to purchase or lease, or to appoint or change a supplier? (Please check as many as apply)
5 - 6 days a week 3 1 - 2 days a week 3 1 - 2 days a week 4		Network Systems Corporate Financial Services PCs/Desister Corporate Financial Services
2b. Where do you usually read or look at the IHT?	14. What is your age?	PCs/Desktop Computers/WPs 2 Fund Management 2 Foreign Exchange 3
(Please check all that apply)  At home  Traveling abroad  Traveling abroad	Under 25	Computer Peripherals Insurance Services Software/Software Services Company Credit Cards
At work Traveling to and from work	15. What is the highest educational level you attained?	TELECOMMUNICATIONS Facsimile Equipment Legal Services Legal Services
3a. Does your spouse/partner read your copy of the IHT?	higher university degree University degree/ equivalent professional qualification	Telecommunications Systems or Equipment  Management Consultancy Services Executive Recruitment
Yes i	MBA 2 Secondary or high school 4  16. Into which of the following groups does your pre-tax	OTHER EQUIPMENT Management Training Courses Management Training Courses
3b. And how many people in total, excluding yourself, usually read your copy of the IHT?	annual household income from all sources fall?  (Check in US\$ or write in your own currency)	Company Aircraft Company Travel Company Vehicles Conferences/Exhibitions
One Three No one else	Up to US \$50,000 \$150,000 to \$199,999	Plant and Equipment PR/Marketing/
4. How interested would you be in reading a lengthier,	\$50,000 to \$74,999 \[  \] \$200,000 to \$249,999 \[  \\ \\$75,000 to \$99,999 \[  \] \$250,000 to \$499,999 \[  \] 7	Raw Materials Courier/Freight Services 5
magazine-type article in the IHT?  Very interested Quite interested Not very interested (1)	\$100,000 to \$149,999 4 \$500,000 or more 5  Or annual income in own currency (write in)	Business Premises/ Industrial Site Selection  FINANCIAL SERVICES  Information Services  Data Management  7
TRAVEL	17a. How many cars are there in your household,	Domestic Banking 8 None of these 1
5. Approximately how many business air trips did you make in the last 12 months? (Count a round trip as one).	including any company cars?  No car  One T Two Three or more Son	24. Does your company operate outside the country in
None 0 3-5 3 10-19 7 35+ 9m	17b. What do you estimate to be the current cost of your	which you are currently based? Yes 1 No 2  25. How many people does your company employ
1-2 1 6-9 6 20-34 s IF NONE SKIP TO Q8	main car, if purchased new (to the same specification)?	Under 10 10-49 50-249 250-999 1000-4999 5000+
6. To which of the following destinations did you fly on business in the last 12 months?	Under US \$15,000  \$40,000 to under \$75,000  \$15,000 to under \$25,000  \$75,000 or more  \$5	of residence? L1 L2 L3 L4 L5 L8 b) worldwide? 1 2 3 4 5 6
EUROPE THE AMERICAS  Belgium / USA USA Indonesia 121/21/20	\$25,000 to under \$40,000 _ 3	26a. Which of the following international activities do you carry out in the course of your work?
France 2 Canada 2 China 2  Germany 3 Latin America 3 Australia 3	18. Which, if any, of these cards do you use? (Please check as many as apply)	I purchase goods/services from suppliers in other countries finances at an international level
Italy 4 New Zealand 4 Spain 5 ASIA/PACIFIC Other Asia/Pacific 5	Access/Eurocard/Mastercard (Gold) 1 Diners Club 5 5274 Access/Eurocard/Mastercard 2 Visa Gold/Premier 6	I influence strategic decisions about the company's international operations
Switzerland 6 Hong Kong 4 MIDDLE EAST 6 Netherlands Singapore 6	American Express Gold/Platinum 3 Visa/Carte Bleue 7  American Express Green 4 None of these 4	26b. In which of the following countries/regions are you
Scandinavia / Japan 7 AFRICA 7	19a. Which, if any, of the following types of investment do	Western Europe Japan Japan 2
Russia Thailand 9	you or members of your household have?  Stocks and Shares Life Assurance Policies 154m	Other Europe 2 South East Asia 3 USA / Canada 3 Other Asia 4
Other Eastern Malaysia 0	Bonds Derivative Products 2	Latin America 4 Australia/New Zealand 5 None of these 6
7a. For business trips, which class of air travel do you usually use?  FOR FOR LONG-HAUL TRIPS  SHORT-HAUL TRIPS	Government Securities Gold/Precious Metals Real Estate (excluding main residence)	Middle East [5] None of these [6]
(Up to four hours) (Over four hours)	Mutual Funds/Unit Trusts)  Private Pension Plans  Solution  Collectibles (art, antiques, coins, stamps, etc.)	
First Class	Other 6	
Economy 3  No such trips 4	19b. What is the approximate total value of the above aud any other investments (excluding your main home)	PLEASE WRITE IN BLOCK CAPITALS (1)
7h Do you belong to an airline's executive/frequent	owned by you and members of your household (in US \$)?	NAME:
flier club? Yes 1	Under US \$50,000  \$\int_3 \$500,000 to under \$1 million  \$\int_5 \end{array} \$\square \\$50,000 to under \$5 million  \$\int_5 \end{array}	ADDRISS
7c. If yes, which one(s) do you mainly use?  (Please write in)	\$100,000 to under \$250,000 US \$5 million or more 7	
1 2 3	\$250,000 to under \$500,0004	J4386

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مكنامن الأحبل



International Herald Tribune World Stock Index @, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



Asia/Pacific	
	Europe
Approx. weighting: 32% Close: 133.51 Prev.: 130.93	Approx. weighting: 37% Up Close: 114.03 Prev.: 113.37 9.569.
The state of the s	
	~30~~~~
S O N D J F	S O N D J F

**North America** Approx. weighting: 5% Close: 137.01 Prev.: 134.72

The Index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentine. Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zeeland, Norway, Singapore, Spain, Sweden, Switzarland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization.

	Mon. chase	Prev. close	change		Non, closs	Prev. close	4
Energy	112.45	111.62	+0.74	Capital Goods	113,42	112.38	+0.9
Utilities	126:01	124.09	+1.55	Plany Materials	120.24	119.06	+0.9
Finance	121.37	120.13	+1.03	Consumer Goods	100.32	99.87	+0.4
Services	124.01	122.60	+1.15	Miscellaneous	131.22	128.94	+1.7

# Wharf, STAR TV Part Ways

### Murdoch Network Recasts Its Ties

HONG KONG - STAR TV. Rupert Murdoch's Asian satellite network, said Monday that it was abandoning a disputed arrangement to supply pay-television pro-gramming to Hong Kong's first cable company.

STAR TV said it had "reluctant-

ly come to the conclusion" it could not press on with a contentious deal that it initiated in June 1993 to feed four premium channels to Wharf Cable Ltd.

"We are hopeful that by taking this action, the whole issue will be looked at in a less contentious manner," said Gary Davey, STAR TV's new chief executive. It is very un-fortunate that the Hong Kong pub-lic will not now be the first recipi-

ents of our new pay services."

Wharf Cable has argued that it had no binding agreement with STAR TV for the pay channels, and it announced on Jan. 14 that it would go to the courts in a bid to

prove its case.
STAR TV, meanwhile, kept feeding the pay TV channels -two for movies, one for children and one for business — to Wharf Cable.
The dispute did not affect five
services carried by STAR TV that
were offered to Wharf Cable, including MTV Asia and BBC World Service Television.

Analysts said that relations be-

tween the two companies had bro-ken down over questions about the quality of STAR TV's program-ming as well as its demand for an exclusive agreement that the broadcaster would supply non-Chinese programs,

"Wharf was not pleased with the quality or the exclusive conduit for non-Chinese programs," said Don-ald Keyser, a media analyst with Credit Lyonnais (Securities).

News Corp., which is controlled by Mr. Murdoch, acquired 63.6 percent of STAR TV in July for \$525 million, while Wharf Cable was launched by one of Hong Kong's biggest companies, Wharf (Holdings) Ltd.

securities, as well as loans. Few areas of the financial world excess of \$1 million.

# Fed Turns to Psychology Intuition Plays a Larger Role in Rates

information in the press and the

statistical information assem-

bled and compiled by the staff

here, but also from the general

tone of the markets," said John

P. LaWare, a Fed governor, who added that he also looked at fig-

'I'm probably

the money

they mean

anymore.

Fed governor.

John P. LaWare, a

least sensitive to

figures because I

don't know what

By Keith Bradsher New York Times Service
WASHINGTON — The Fed-

eral Reserve Board, having dropped its reliance on the money-supply figures that made markets soar or swoon in the 1980s, is increasingly basing interestrate decisions on an approach best summed up as banker's in-

tuition.
When the Fed's chairman, Alan Greenspan, gave his semi-annual testimony before Con-gress a week ago, the only section of his written testimony that he did not bother to read aloud concerned money-supply measures such as M-2, which represents the total of cash, checking accounts, savings accounts, certificates of deposit of less than \$100,000 and several other finan-

going on based on the informa-

By Saul Hansell

New York Times Service

las Rohatyn asked J. P. Morgan &

Co. to bring him back from Tokyo

to run its small Latin American

debt department that sold the de-

faulted loans that Morgan and oth-

er banks had made to developing

Today, that department has

branched out to include emerging

markets in Asia and Eastern Europe

as well as in Latin America. And it

has grown from seven people to 200,

who now underwrite, trade and sell

NEW YORK - In 1988, Nico-

Top Fed officials said they were putting greater weight on economic indicators ranging from the price of gold and the output of ures on housing starts, employ-ment and bank loans. "I'm probably least sensitive to the money factories to personal anecdotes. figures because I don't know They are also paying more at-

what they mean anymore." tention to human psychology: notably investors' expectations In looking at so many economindications at the same time, of inflation, an area that has long Fed officials in effect rely on eduexasperated economists who use cated hunches of what they should do, rather than following computer models to predict indictates of computer models or a "I get a feel for what I think is

couple of key indicators. "Policy has become more intuitive over the last year," said Dation - not only the anecdotal

An Emerging-Market Wizard

are as hot as the emerging markets,

and Morgan's department is one of

the largest and most successful on

Wall Street - as well as one of the

The department's revenue in the

most profitable units at Morgan.

Sri Lanka's exchange shows small

last three months of 1993 was about

\$200 million. Judah Kraushaar, a

Merrill Lynch & Co. analyst, said.

That would surpass the total trading

revenue of all but three American

banks. Mr. Rohatyn, 33, is said to be

among Morgan's best-paid execu-

tives, with an annual bonus well in

can be good. Page 19.

vid M. Jones, a longtime Fed watcher at Aubrey G. Lanston & Co. of New York.

The main reason has to do with the discrepancy between what happens with the money supply and what happens in the economy. That is partly a result of the enormous growth of mutual funds, which are left out of the main money-supply measures.
"I came on believing what I

had been taught — and taught as a professor — which was M-2." said Lawrence B. Lindsey, a Fed governor and former Harvard economics professor. "I don't think I can use it anymore.'

In place of money-supply figures, he said, "we look at a whole raft of variables — we ignore nothing and focus on nothing."

To be sure, Fed officials are not flying the economy by the seat of their pants. Like many private economists, some Fed officials start with computer models that assume that various indicators will signal inflation with the same lags as in the past. For example, rising inflation rates have tended to follow increases in the money supply.

But having concluded that such historical patterns are not always valid, Fed officials are revising computer models to fit

There are a lot of good firms

etting into this business, but J.P.

Morgan, along with Salomon Broth-

ers, stands above the rest," said Rob

Citrone, the manager of Fidelity's New Markets Income fund, which

has more than \$400 million invested

Mr. Rohatyn's greatest accom-

plishment was to foresee the explo-

sion of investor interest in the

in emerging-market bonds.

See FED, Page 17

# **Dollar Tumbles** On View Rates Will Not Rise

NEW YORK - The dollar tumbled on Monday, the victim of a meeting Thursday, he said.

The Bundesbank's decision to re rates are not heading higher and of fallout from the weekend meeting of finance officials of the Group of Seven industrial countries. Bundesbank hints of stable German inter-

est rates added to the dollar's woes.

The U.S. currency tumbled to
1.7042 Deutsche marks, a twomonth low, compared with 1.7110 Friday. The dollar also slumped to 104.585 yen, from 104.800.
The dollar started its slide when

a private-sector survey showed inflationary pressures in the United States were subdued, lessening chances for an interest-rate rise that would increase the dollar's attractiveness to investors.

The prices-paid component of the Chicago Association of Pur-chasing Management's February index dropped, even though the overall index climbed.

The index is considered a barometer of manufacturing activity. Prospects for an increase in U.S. rates were further dashed by Lawrence Lindsey, a Federal Reserve governor, who said the central bank might not have to raise interest rates

soon to keep U.S. inflation at bay.

Mr. Lindsey's comments were seen as an attempt to calm the markets, which are looking for the next Fed move after the central bank pushed up interest rates on Feb. 4 for the first time in five

"Markets are being jawboned into some kind of order after the Fed hiked interest rates," said Ian Amstad, economist at Bankers

The dollar fell further on comments from Bundesbank President Hans Tietmeyer, who said Germany's money-supply figures should not be used as inflation signals and that caution must prevail when formlating monetary policy.

The comments unsettled traders

emerging markets.
Using the bank's penchant for taking large trading positions, Mr. awaiting this week's German M-3 Rohatyn was able to offer the limoney-supply report, said David quidity demanded by early speculative investors. Then, as traditionminion New York. Dealers "took See ROHATYN, Page 17 this to mean the German M-3 will tan areas.

ease" its credit policy at its council

turn to variable interest rates on its money-market operations also drew investors to the mark in favor of the dollar. While the move theoretically allows money market rates

See DOLLAR, Page 16

# MCI Buys Into Wireless Firm For \$1 Billion

By Edmund L. Andrews New York Times Service

WASHINGTON - In a move that will speed the rivalry in wireless telephone communications, MCI Communications Corp. said Monday it would invest \$1.3 billion in a fast-growing competitor to cel lular telephone operators called Nextel Communications Inc.

MCI, which will buy 17 percent of Nextel, will market that firm's range of digital wireless telephone and paging services under its own brand name and will package them with its existing long-distance service.

The new alliance shores up MCT's one glaring weakness in the communications market, which had been the absence of a wireless capability to match that of American Tele phone & Telegraph Co.'s pending purchase of McCaw Cellular Communications Inc. for \$12.6 billion.

Nextel. based in Rutherford, New Jersey, is still a start-up in comparison with McCaw, which is the country's biggest cellular telephone operator. But Nextel acquired radio licenses from Motorola Inc. that put it in a position to reach about 95 percent of the U.S. population.

The new money from MCI will Solin, an analyst with Toronto Do- be used to construct networks in more than a dozen big metropoli-

Thinking Ahead /Commentary

# Britain's Head-in-the-Sand Diplomacy

ional Herald

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his sheet.

By Reginald Dale
International Herald Tribune
WASHINGTON — It is a sad quirk of history that the closer Britain gets to linking itself to the Continent via the Channel Tunnel, the more insular it seems to become.

The governing Conservative Party is currently going through extraordinary contor-tions to avoid being tarred with the slightest trace of Europeanism in the campaign for this summer's European Parlimentary elections
— to the extent that one cabinet minister has even said the Conservatives' Euro-campaign will be based on "keeping Britain British."

Much of the country's political and intellectual elite has surrendered to a stultifying nihilism towards Europe. But Prime Minister John Major, in Washington this week to mend fences with President Bill Clinton, will be deluding himself if he thinks the U.S. relationship can provide an alternative.

Mr. Major is, by British standards, moderately pro-European. He was courageous m pushing the Maastricht Treaty on European Union through Parliament last summer.

But, like many of his compatriots, he regards "vision" as a dirty word. He is the ultimate short-term thinker. As President Jacques Delors of the European Commission has apily observed, Mr. Major's views on Europe are marked by an "intellectual vacuum."

Britain's contribution to the EU is now almost entirely negative. The past 18 months have seen a limp and self-centered British Presidency; the pound's ejection from the European Monetary System's exchange-rate mechanism; British threats to create a European crisis if the Uruguay Round failed; patronizing British lectures on the idiocy of the Continentals' attempts at monetary

union; and constant bad blood over Britain's opt-out from the Union's social policy.

The only European ideas that are not at-

tacked from London are those that Britain hopes will further sabotage the cause of closer integration — notably the admission of new member states in Northern, Central and Eastern Europe. British policies and British officials are now widely distrusted in Brus-

Yet, astonishingly, British leaders claim that their view of Europe's future has tri-

Astonishingly, British leaders claim their view of Europe's future has triumphed. That is wishful thinking.

umphed. Thanks to the unpopularity of the Maastricht treaty, the rise of European na-tionalism, currency crises and recession, Brit-ain now believes that the Continent has come round to its own long-held view: that there will never be a United States of Europe, but rather a loose association of nation-states in a

glorified free-trade area.

That is wishful thinking. Britain is once again hiding its head in the sand, just as it did when it stayed out of the fledgling Common Market in the 1950s, on the grounds that the Continentals' knavish tricks would not work and that Britain was better off sticking to its traditional ties with the English-speaking

Now Britain's ostrich posture has led it to the fallacious conclusion that because the EU

It is by no means a foregone conclusion that the EU's further enlargement will water the Union down to suit British tastes. The British may be surprised by the federalist aspirations of new members in Central and Eastern Europe — and by the extent to which a bigger union will overwhelm the national

sovereignty of individual states.

Moves to economic and monetary union may have slowed, but they are not dead. Business, which has long been a powerful motor of European integration, still wants a common currency. The Continental visionaries whom

Britam so despises have not given up.

But the English-speaking option is not available any more. The importance of the Commonwealth is fast fading, and the United States wants to see Britain more, not less, involved in Europe. Britain would actually increase its influence in Washington if it played a more constructive role in European

integration.

Washington would prefer to deal with a European Union that speaks with one voice; failing that, it is likely to continue to pay more attention to Bonn and to Paris than to London.

Dean Acheson's much-resented comment -that Britain had lost an empire but not yet found a role - is truer than ever. Maybe Britain does not want a role - maybe it is

just too tired.

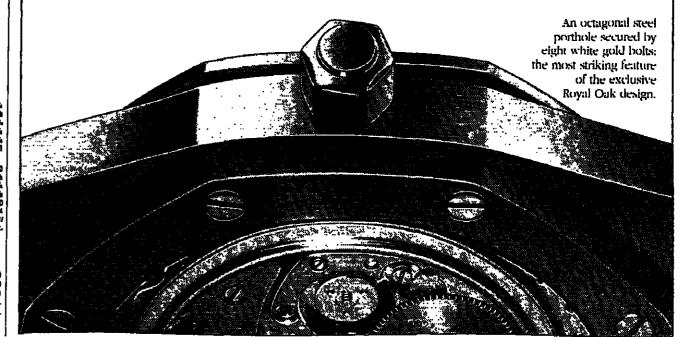
But if it does, that role can only be in Europe. And it should be obvious that negative, nationalist attitudes are not the best way to find it. Much better to accept that the sceptered island days are over for good — and make the most of the Chunnel.

Feb. 28

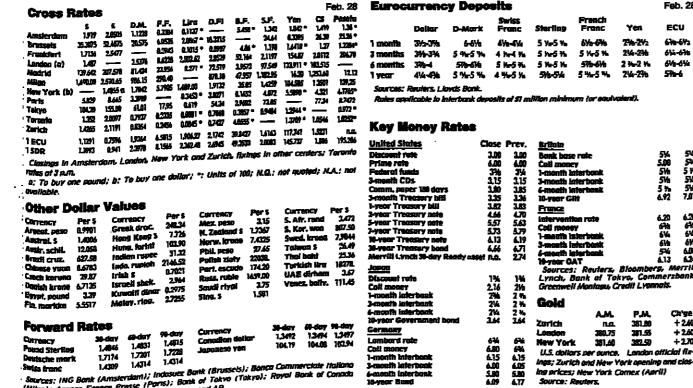
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QUITE SIMPLY THE ROYAL OAK.

For information and catalogue, please write to, mars Piguet & Cie S.A., 1348 Le Brassus, Switzerland, Tel. 41 21 845 42 11



### **CURRENCY & INTEREST RATES**



Dow Jones Averages

High Low

Standard & Poor's Indexes

Low Close Chres

Lest Chy,

Lest Cha.

59725 545.85 545.89 428.87 425.45 425.45 162.94 161.76 162.55 44.22 4.70 43.71 449.16 466.97 447.14 436.15 433.32 433.76

Low

NASDAQ Indexes

**AMEX Stock Index** 

20 Bonds 10 Utilities 10 Inclusiries

Market Sales

Dow Jones Bond Averages

N.Y.S.E. Odd-Lot Trading

S&P 100 index Options

2≈

260.04 258.57 259.23 321.01 318.94 319.75 270.81 269.47 269.50 218.09 216.69 217.71 214.58 213.64 213.88

Low

791.78 797.00 791.78 -8.00
834.33 \$28.91 834.33 +8.61
890.29 887.08 690.29 +3.03
782.71 92.53 92.71 -6.66
990.61 886.62 890.61 +4.94
796.54 789.13 796.54 +7.68
175.22 173.63 174.85 +3.05

471.39 467.45 471.34 +3.51

The Dow

Daily closings of the Dow Jones Industrial average

A S O N D J F

Lost 27% 44% 11% 23% 25% 20% 20% 23% 23% 225% 225%

+ 5% + 1/4 - 1/4 - 1/4 + 1/4 + 1/4

NYSE Most Actives

Vol. Haggs Low 5378 7 644 41539 574s 5544 29106 1944 189; 27428 154s 144s 27161 69 674s 26383 327s 224s 25207 1319; 127s 290733 27 264s 19420 214s 274s 19420 214s 274s 19421 424s 424s

**NASDAQ Most Actives** 

NYSE Diary

**AMEX Diary** 

**EUROPEAN FUTURES** 

890 910 922 935 895 919 930 940

1.197 1.217 1.218 1.221 1.222 1.222 1.223

COCOA (LCE)

COFFEE (LCE) Doilors per metric to

Food

High Low Prev. Class

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949.00 955.50 954.50 967.00 973.00 974.00

318.50 323.00 317.50 319.00 302.00 301.00 N.T. 297.90 N.T. 294.00

Metals

Financial

Est. volume: 140. Open int.: 14.447.

3-MONTH EUROMARKS (LIFFE)
DM1 million - pts of 100 pct
Moor 94.25 94.18 94.20
Jun 94.66 94.09 94.62
Sep 94.89 94.67 94.86
Dec 94.89 94.67 94.86
Jun 94.79 94.87 94.87
Sep 94.81 94.79 94.79
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Sep 94.81 94.73 94.79
Dec 94.84 94.74 94.73
Jun 94.78 94.79
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LONG GILT (LIFFE) 158,890 - pts & 32nds of 100 pci

3749

15% ---

901 926 936 950 885 909 922 934

Industrials

140.00 139.50 140.00 142.00 N.T. 146.50 149.51 152.55 N.T.

Stock Indexes

Per Amit Poy

STOCK

Bonn Warns France's Elf

BONN - Germany warned the

French energy company Elf Aqui-

taine on Monday that it could face

huge claims for damages and that

its image would suffer if did not

honor a contract to build an oil

For investment information

read THE MONEY REPORT

every Saturday in the IHT

refinery in Eastern Germany.

INCREASED

BRENT CRUDE OIL ((PE)

FTSE 160 (LIFFE) 125 per index point

Aluminum, ib Coffee, Braz., ib Copper electroly: Iron FOB, ton Lead, ib Silver, froy az Steel (scrop), ion Tin, ib Zinc, ib

Dividends

Sondog Inc NB Corp armer Bros illertek

Spot Commodities

High Low Lost Settle

# **Blue-Chip Gains** Go Up in Smoke

Compiled by Our Staff From Dispatches NEW YORK — A slide in tobacco stocks pulled the Dow Jones industrial average down in a late slide Monday, but other market gauges closed with modest gains. The Dow closed down 6.76 points at 3,832.02. The index was

### N.Y. Stocks

hit by a slide in Philip Morris, which lost 21/2 to 55%, after the federal government said it had evidence the tobacco companies deliberately put enough nicotine in cigarettes to keep smokers addicted.

The broader market was able to hold its gains, with advancers edging decliners by a 2-to-1 ratio on the New York Stock Exchange in active volume of 256.21 million shares.

Philip Morris and the rival RJR Nabisco, which slipped 1/4 to 6%. topped the New York Stock Exchange's most-active list because the Food and Drug Administration's findings could be legal grounds for the government to reclassify cigarettes as drugs and ban them from

the American marketplace.
Philip Morris, the world's largest tobacco company, disputed the FDA's contention. The company said nothing in processing tobacco or making cigarettes increases the nicotine content.

Wall Street analysts raised doubts about whether the FDA would get regulatory control of the cigarette industry. "They tried something like this back in the '20s and called it Prohibition," said Anthony Hitschler, chief investment officer of rising 5% to 43%. Brandywine Asset Management.

Communications was the secondmost-active over-the-counter stock. (Bloomberg, Knight-Ridder, AP)

# **DOLLAR:** Tumbles on Rate View

Continued from Page 15 to fall below the 6.0 percent they

had been fixed at since mid-November, it may actually result in the rate rising, traders said. They noted that the current tightness of the money market

### Foreign Exchange

could cause banks to bid high to ensure they receive necessary ness could continue through the

Sentiment that the lack of an agreement on exchange rates over the weekend by G-7 finance officials could allow the yen to rise also burdened the dollar, said Win Thin, an analyst with MCM CurrencyWatch. The inaction suggests that Japan remains isolated on the issue, and that the other nations are content to back the U.S. stance in seeking a higher yen to offset trade imbalances, he said.

The lack of a statement from G-7 members decrying currency volatility as undesirable, which typically emerges from such meetings, also was taken by traders to mean that

the U.S.-Japan trade deadlock re-

"Maybe we have some folks today in Washington that think they can

The broad market and Treasury

bond prices rose as concerns about

rising interest rates were shoved to

Comments from a Federal Re-

serve governor and a regional pur-

chasing managers survey showing

inflation in check eased fears that

U.S. interest rates were headed for

an imminent climb. Rate jitters had

driven stock and bond prices down

The benchmark 30-year Trea-

sury bond rose 20/32, to 94 24/32,

with the yield slipping to 6.66 per-cent from 6.71 percent Friday.

The broad stock market was un-

derpinned by bargain-hunting after

last week's drop. Heavy industrial

and auto stocks found favor, with

Ford rising % to 62% in active trad-

ing. General Motors also found its

way onto the most-active listed but

finished unchanged at 58%. Kmart added % to 19% in active

trading despite reporting a loss in

the fourth quarter. Investors fo-

cused on the reason for the loss,

which was to close smaller stores and drop its PayLess Drug and

PACE membership warehouse

businesses. In Nasdaq trading, MCI Communications gained % to 27% to

lead the most-active list. MCI an-

nounced a \$1.3 billion investment

in Nextel, one of the nation's larg-

est mobile radio companies. Nextel

change human behavior

the back burner.

last week.

mains a problem.

Amy Smith, an analyst with the IDEA advisory firm, said technical factors also could kick in favoring the yen. "Market attention is undoubtedly focused on the yen, with technical traders now looking for the yen to appreciate against the dollar to 102.30 in the short term," she said.

Analysts said the dollar's weak-

week because economic data due

out are expected to be on the shaky side, reflecting severe winter weath-er in much of the United States in January and the California earthquake. Employment data for January are due Friday. Some position-squaring on the last trading day of the month also

francs, from 5.8100 Friday, and was stable against the Swiss franc at 1.4259. The pound, however, slipped to

(Knight-Ridder, Bloomberg, AFX)

\$1.4855 from \$1.4885.

weighed on the dollar. The U.S.

currency slipped to 5.7905 French

**NASDAQ Diary** Ę 2054 1132 1620 4806 120 48 GERMAN GOVERNMENT BUND (LIFFE) DM 250,000 - pts of 100 pcf Mor 97.20 %4.51 %4.93 + 0.44 Jun %4.90 %4.55 %4.64 + 0.45 Sep %4.75 %4.34 %4.52 + 0.44 German Strikes Spread to Transport Sector

FRANKFURT - Around 50,000 public-sector workers disrupted transport services in Germany on Monday as industrial unrest spread beyond the metal-working industry.

Germany's largest public-service union, the OeTV, said 30,000 workers had taken part in the action in Germany's most populous state of North Rhine-Westphalia alone.

"The willingness to strike is greater than in previous years," an OcTV official, Dieter Weber. said in Cologne. Bus and train drivers walked off their jobs for

several hours during the morning, making thou-sands of commuters late for work. The action, against employers' calls for a wage freeze and benefit cuts, was the latest in a series of

disputes over pay and job security to hit Germany.

U.S./AT THE CLOSE

### Viacom Net Surges on MTV Profit

NEW YORK (Bloomberg) — Viacom Inc., paced by a strong performance from its MTV cable channel, said that its fourth-quarter earnings

had more than doubled. The cable company reported net income of \$26.3 million, up from \$11.7 million in the same quarter a year ago. For the year, Viacom's operating earnings rose 156 percent, to \$169.5 million from \$66.1 million

Viacom, which is set to acquire Paramount Communications Inc. for about \$9.8 billion next month, said the driving force behind the year's growth was MTV, which recorded a 39 percent jump in earnings.

### **Hollinger Buys Chicago Sun-Times**

CHICAGO (AP) - The Chicago Sun-Times, the 11th-largest U.S. daily newspaper, will be acquired by a unit of Hollinger Inc., a Canadian media company, for about \$180 million, Hollinger said Monday. Under an agreement to close by March 31, a subsidiary of American

Under an agreement to close by March 31, a subsidiary of American Publishing Co. will acquire all outstanding stock of the Sun-Times Co. American is Hollinger's U.S. division and Hollinger also has papers in Canada, the United Kingdom, the United States, Australia and Israel. The agreement includes 60 weekly and biweekly papers in the Chicago area published by the Sun-Times, Hollinger said. The Sun-Times said management at the newspaper will remain in place after the sale and there are "no plans for significant staff reductions."

### Natural Disasters Trim Aetna Profit

HARTFORD, Connecticut (AP) — Aetna Life & Casualty Co. said Monday it expected first-quarter earnings to be reduced by about \$120 million as a result of losses from the Los Angeles earthquake and recent

Aetna estimated its losses from the recent earthquake would reach \$80 million, after reinsurance and taxes, with a total of about 2,500 claims. The company also said it expected to receive about 31,000 claims from a series of winter storms that struck between Jan. 6 and Feb. 12, with losses of about \$40 million, after reinsurance and taxes.

### Kmart Suffers Loss for 4th Quarter

CHICAGO (Combined Dispatches) — Kmart Corp. reported Monday a fourth-quarter loss of \$615 million from continuing operations as the company embarked on an aggressive program of restructuring.

A year earlier it had posted a gain of \$501 million.

In January, the company announced a pretax restructuring charge of \$1.35 billion, or \$862 million after taxes, to cover expenses associated with store closures, modernization programs and other nonrecurring (Knight-Ridder, Bloomberg)

### **H&R Block Reports 3d-Quarter Loss**

KANSAS CITY, Missouri (Combined Dispatches) - H&R Block Inc. reported Monday a third-quarter loss from continuing operations of \$17.9 million. It blamed its tax services unit, which lost more money in-

the current quarter than it did a year ago.

In the same quarter a year earlier, Block had posted a profit from operations of \$5.69 million.

Block said pretax earnings at CompuServe Inc., its communications and information subsidiary, had risen 54 percent, to \$29.3 million. Block said CompuServe's on-line service now has 1.7 million members worldwide, including 100,000 in Europe. It said the firm is acquiring 60,000 new members for its on-line service each month. (Reuters, Bloomberg)

### For the Record

Whittle Communications said it was suspending its television programming for doctors' waiting rooms. At least 150 of Whittle's 1,100 employ.

(AP)

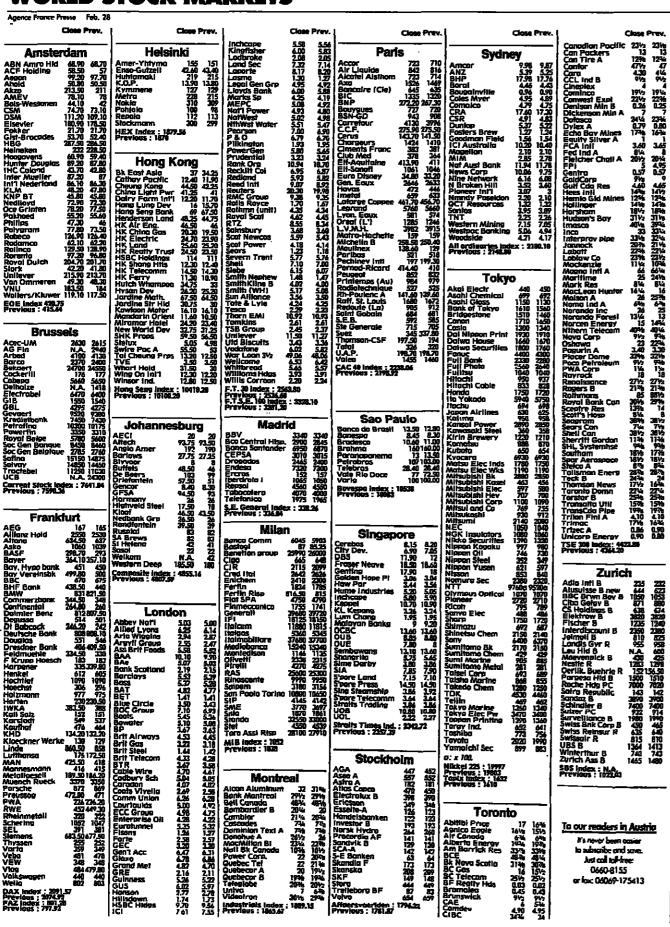
Pratt & Lambert Inc., looking to broaden its distribution channels, said t would acquire United Coatings Inc. for about \$108 million in cash, stock and assumed debt.

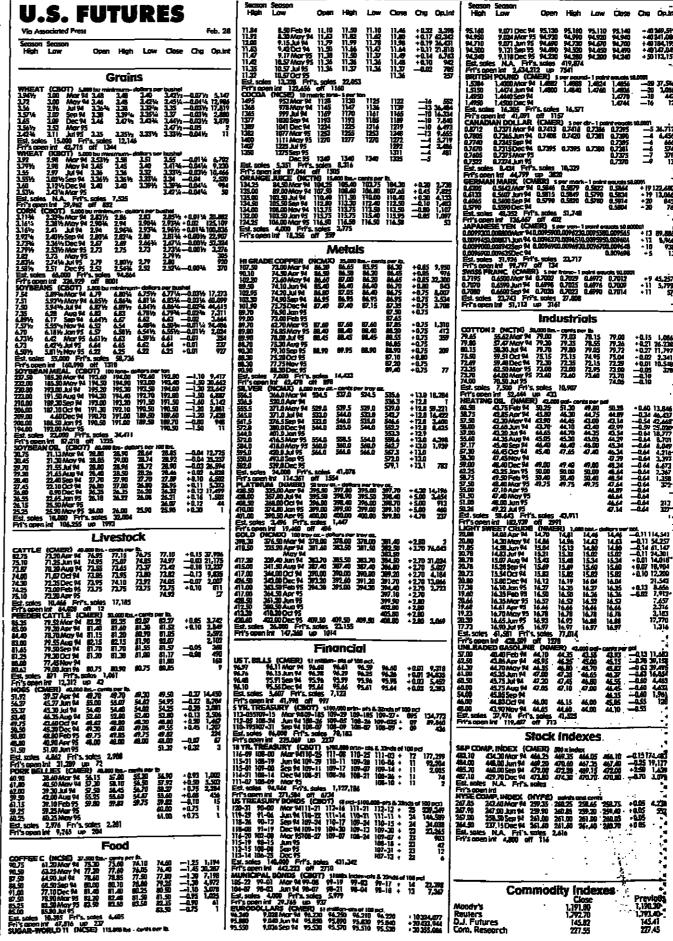
### **Weekend Box Office**

The Associated Press LOS ANGELES - "On Deadly Ground" continued to top the weekend box office, earning an estimated \$6.5 million. Following are the Top 10 moneymakers based on Friday ticket sales and estimated sales for

ivay and someay.		
"On Deadly Ground"	(Warner Brothers)	\$6.5 million
"Ace Venturo, Pet Detective"	(Warner Brothers)	S6.4 million
"Sugar Hill"	(Twentieth Century-Fax)	SSJ milition
"Blue Chips"	(Paramount)	54 million
"Blank Check"	(Walt Disney)	\$4 million
"Reality Bites"	(Universal)	\$3.5 million
"Mrs. Doublfire"	(Twentieth Century-Fax)	\$2.85 million
"Schindler's List"	(Universal)	\$2.8 million
"8 Seconds"	(New Line Cinema)	52.7 million
"My Eather the Mare"	( Tourstellane Sichures)	69 E as III as

### WORLD STOCK MARKETS





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# riges on MTV Professional Inc., pared in the said that start and the said that start are the said that ones net iscome of \$27 quarter a year ago. For a Politic Inches Higher aparent to \$169.5 Tables on the Inches Higher achicago Sun.T. In 4th Quarter

c Chicago Sun-Time pured by a time of Hollar ger and the state of million people in January, unchanged from Dispatches by March 31 a time of Monday a better-than-expected consumption of registered unemployed rose by 4,800.

Compiled by Our Staff From Dispatches million people in January, unchanged from December, but the number of registered unemployed rose by 4,800.

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Ownekly and nivery ser will remain in said gross domestic product climbed reacting, economist at said gross domestic product climbed reacting, economist at said gross domestic product climbed to describe the fourth quarter, after timed to destock in the fourth quarter. basis in the fourth quarter, after tinned to destock in the fourth quar-posting a revised rise of 0.4 percent ter, at a faster rate than in the third, posting a revised use of 0.4 percent and GDP growth would have been and GPP growth would have been flatter if it hadn't been for higher uses the related energy production." widespread predictions that the manual weather-related energy production."

Esther earnings weather-related energy production.

Esther Baroudy, bond market

for February, which showed that for the first time since 1990 more renot surprising" that consumer spondents expected output across spending is erratic. spondents expected output acrossments are industry to grow than to decline.

uptrend. But the picture was marred cent this year, by stagnation in household consumption in the fourth quarter after has said he did not expect a decline third quarter and a rise of the range of the unemployed to a record 3.31 a growth rate of 0.7 percent in the in unemployment this year in light third quarter and a rise of the ranks of the unemployed to a record 3.31

(Reuters, Bloomberg)

The rate of growth was still very ment kept on its relentless uptrend. low, even if it was the third succes-Times, Hollings.

The national statistics institute are quarter or ground, and a said gross domestic product climbed. Hacche, economist at James Capel & Co. in London. "Companies con-

fourth quarter might be stagnant or from the Los Atroop from the Los 4— even show negative growing that with "unemployment going up and purchasing power stagmant, it's and purchasing power stagmant, it's

Gross domestic product shrank Economists said a 1 percent rise 0.7 percent during 1993, compared in business investment and in- with 1.4 percent growth the previous in oursiness investment and increased housing investment during spanches in the fourth quarter had buoyed the return to growth of about 1.4 per-

Prime Minister Edouard Balladur

# U.K. Drug Firm Down, but Not Out

# Analysts Say Worst of Wellcome's Bad News Has Come Out

By Richard W. Stevenson New York Times Service

LONDON - Even by the standards of the pharmaceutical industry, which has been buffeted by efforts in the United States and around the world to rein in medical costs, Wellcome PLC has been a dismal investment

But now there are signs that the worst of a long spell of bad news may be past for the British company, which is best known for Zovirax, a medication for heroes, and AZT. the AIDS-fighting drug it sells under the brand name Retrovir.

Moreover, with the stock trading at extremely low levels compared with other pharmaceutical companies, analysts are again recommending it to investors who can stomach short-term volatility in the hope of a long-

Wellcome closed Monday at 653 pence (\$9.73) in London, up 11 pence on the day. The stock had peaked two years ago at 1,158 pence and has plummeted since then despite the booming equity market, although it is up from its low last fall of 604 pence. The Wellcome Trust, a British medical foundation, owns 344 million shares, about 40 percent of the company. The trust sold 270 million shares in July 1992, giving up majority control, and the stock has been weak since the sale was announced,

Sales of AZT continue to decline, in part because of a study last year that cast doubt on the drug's ability to help patients with the virus that causes AIDS in the early stages of the disease. But evidence of renewed strength in sales of Zovirax in the United States is underpinning the belief among many analysts that

the stock can recover. Zovirax is Wellcome's biggest-selling product, accounting for 43 percent of its prescription-drug revenue in 1993. It dominates the market for treatment of herpes and related conditions, and sales have grown at an annual

### INTERNATIONAL STOCKS

compound rate of 37 percent since 1985, ac-

cording to Salomon Brothers Inc. The rate of growth, however, slipped in the second half of Wellcome's most recent financial year, which ended Aug. 31. After growing about 15 percent in the first six months of the year, the rate slowed to 7 percent in the follow-

e six months. The company blamed the slowdown on onetime anomalies, including a reduction of inventories by wholesalers. But with the drug's patents scheduled to expire in coming years and with a competitive drug, Fanvir, being introduced by Smithkline Beecham PLC, the slowdown made investors that much more nervous about the company's prospects.

But now Zovirax sales appear to be re-bounding, according to Duncan Moore, an analyst at Morgan Stanley & Co. in London. Sales over the last three months in the United States, the biggest market, have risen about 20 percent, compared with the corresponding period a year earlier, Mr. Moore said, citing data on prescriptions provided by IMS, a drug-sales tracking service of Dun & Bradstreet Corp. The company confirmed that Zovirax sales seemed to be rebounding in the United States, although it cautioned that pricing pressures might limit the gains in Europe.

Wellcome has been the worst-performing of the major U.K. drug stocks in a sector that itself has been the worst performing in the U.K. market throughout 1993," a Morgan Stanley report said. "There now appears to be some evidence that the picture is improving, however, and that the next change in estimates will be up rather than down, based on what appears to be improving Zovirax sales."
Noting that Wellcome's stock price is low

relative to its earnings, when compared with other pharmaceutical stocks, the report said "the stock looks well oversold and should perform positively in a sector that is unlikely to show any upward movement in the first half of

Peter Laing, Salomon Brothers' Londonhave been exaggerated." Mr. Laing estimated Wellcome should be able to maintain annual revenue growth of around 13 percent until 1997. Per-share earnings could grow 12 percent and dividends by 15 percent annually during the period, he said.

But the biggest unknown for Zovirax is whether the United States will allow the drug to be sold in nonprescription forms. A move from prescription to over-the-counter sales could bring large sales increases. A decision from the Food and Drug Administration could

### **Investor's Europe** London Paris: FTSE 100 Index: CAC 40 3500 / VA 200 / 1800 SONDJE 200 SONDJE Monday Close 415.84 . 41.23 Stock Index 7,841.84 7,590.36 +0.67 Frankfurt DAX 2,041.57 2,074.92 +6.80 :FAZ Frankfurt -801.28 797.93 +0.42 1,879.56 1,879.00 +0.51 HEX Financial Times 30 2,563.80 2,536.60 +1.07 London FISE 100 3.328.10 3.281.20 +1.43 General Index 338.26 336.04 +0.66 MIB 1,052.00 -1,038.00 +1.85 EAC 40 2,238,06 2,198,92 41.78 Stockholm Alfaersvaerklen 1,796.22 1,781.87 +0.81 Vienna Stock Index 489.56 490,76 Zurich SBS N.A. 1,023,03

### Very briefly:

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 Saab Automobile SA posted a loss of 1.37 billion kronor (\$170 million) in 1993, narrowing from a loss of 2.63 billion in 1992; the Swedish automaker expects to show a profit in 1994.

 IBM France plans to turn 2,000 full-time jobs into part-time positions by the end of the year, the move is part of a restructuring that involves 3,000 job cuts and is designed to save 580 million francs (\$100 million).

• W.H. Smith Group PLC confirmed it was discussing a venture combining its Our Price stores with Virgin Group PLC's British and Irish retail

• Sema Group, a computer company with French and British ownership, earned a net £17.9 million (\$27 million) in 1993, up 30 percent from the

£13.8 million earned in 1992. • Taylor Woodrow PLC, the British construction and real estate conglom-

erate, is buying Heron International NV's home-building business for £30.8 million.

# SE Banken Turns Profit As Problem Loans Shrink

Compiled by Our Staff From Dispatches

STOCKHOLM -- Skandinaviska Enskilda Banken said its 1993 operating profit was 357 million kronor (\$45 million), a reversal from a loss of 5.37 billion kronor in 1992.

The commercial bank's loan losses in 1993 totaled 10.1 billion kronor, down from 11.1 bank's problem loans, on which no interest or installments have been paid for at least two months, fell 35 percent, to 16.9 billion kronor.

The largest individual loanloss write-offs were to the real estate concerns Gullstedt, with 600 million kronor, and Coronado, with 436 million. The bank also wrote off a 507 miltion kronor loan to Gamlestaden, a finance company.

The bank said profits before loan losses improved each quarter, with net interest income jumping 49 percent, to 9.78 billion, mostly because of increased demand for-credit from consumers cashing in on falling

interest rates. Income from commissions and fees rose 11 percent, to 6.82 billion kronor, lifted by increased profits on trading in se-

The bank said its expenses were largely unchanged from (Reuters, AFX)

# U.S. Courts German and Swiss Firms

By Brandon Mitchener International Herald Tribune
FRANKFURT — The United

States is sweet-talking 20 German and as many Swiss companies, including several big banks, about listing their shares on the New York

Arthur Levitt, chairman of the U.S. Securities and Exchange Commission, said Monday that the SEC was actively courting German and other big foreign companies without listings in New York.

He added that both sides were ny, Richard Holbrook, who said he

are beginning to move their stan- to U.S. investment capital. dards closer to something we regard as internationally acceptable," he companies the slowest to change. Gent The SEC is willing to simplify its land.

which is fundamental to ensuring fair play for individual investors, His statements came amid grow-

application procedures and be flexible "up to the point of disclosure,"

ing calls for greater professionalism in German capital markets, including the establishment of a federal accounting standards. securities watchdog agency and concentration of trading activities in Frankfurt, the country's financial capital.

showing flexibility on key issues in- was determined to help German volving financial disclosures. "More companies overcome "solvable oband more of the companies I talk to stacles" and achieve greater access There are currently 594 foreign

companies listed on the New York said, calling German and Swiss Stock Exchange, but only one from Germany and none from Switzer-

Daimler-Benz AG, the biggest Hoechst AG, RWE AG, BASF German company, became the first to list its shares on the New York Stock Exchange last October, Other German and Swiss companies have so far resisted SEC demands that they lay bare their substantial hidden reserves, according to U.S.

Fred Irwin, president of the American Chamber of Commerce in Germany, said German corporations are increasingly looking to U.S. capital markets not only to raise capital for expansion, but also as a means of boosting their profile in the North American market. Studies show that foreign companies that list in the United States also sell more of their products

Mr. Levitt did not name any of Americans, owns stocks. Riskthe companies with which he was talking, but representatives of

AG, Degussa AG, Agiv AG and Volkswagen AG were in a luncheon audience. Many German and Swiss com-

panies are confused about the attitude of the commission, seeing it as a "regulatory bully" rather than a referee," he said. He described the climate of his discussions with German compa-

nies as a "process of accommodation" rather than a breakthrough. "A lot of this is attitude," he said. Local banking and stock-exchange officials routinely lament the lack of an "equities culture" in Germany along the lines of that in the United States and other countries. One in every four U.S. households, or more than 50 million

Compiled by Our Staff From Dispatches said operating profit in the United AMSTERDAM — Boosted by States, where the entertainment

PolyGram Capitalizes on Motown

sing U.S. income, PolyGram NV said Monday its net profit rose 21 cords Inc. last year, doubled. It percent, to 614 million guilders refused to say how much Motown (\$321 million).

The profit was higher than analysts had expected, and PolyGram's thares rose 4.30 guilders, to 77.80. The company plans to raise its dividend to 75 Dutch cents a share from

averse Germans tend to prefer in-PolyGram, which is 75 percent owned by Philips Electronics NV,

conglemerate bought Motown Recontributed to sales and profit.

Overall, sales rose 12 percent, to 7.42 billion guilders. PolyGram said pop music reve-

nue, which accounted for 69 percent of total sales, rose 13 percent.

(Bloomberg, AP, AFX)

# ROHATYN: J. P. Morgan Executive Makes the World's Emerging Markets His Home Turf

al investors became interested, Mr. Rohatyn offered them the numbingly exhaustive research that is an-

other Morgan trademark. underwriting has caused Mr. Rohatyn's unit to lose its early lead in that area. But as investor demand shifts again from securities denominsted in dollars to those in local currencies, Mr. Rohatyn hopes that Morgan's longstanding operations in many developing countries will again give it an advantage over its growing competition along Wall

Throughout the turmoil of the last five years, even competitors credit Mr. Rohatyn with wielding a cool hand in a hot market.

Mr. Rohatyn's rise reflects a shift in the balance of power on Wall Street, In the 1980s, the hottest careers were the risk arbitrageurs and merger specialists. Now the most lucrative and fastest-growing fields are the complex worlds of options and other financial derivatives and the emerging markets.

eration of middle-aged executives trained in the now-declining art of lending. Instead of hiring financial advisers and traders from Wall Street, as other commercial banks have done, Morgan has grown a new generation of securities execu-

Nicolas Rohatyn is very much in the Morgan mold, a focused and intense manager who shuns the tance Corp., the younger Mr. Rohatyn maintains a deadly serious

bravado and swagger of so many Wall Street traders. Unlike his flamboyant father, Felix Rohatyn, the merger master of Lazard Freres & Co. and the former chairman of New York City's Municipal Assis-

tone and a low profile. He tries to play down the impor-

Mr. Rohatyn is also representa- tance to his career of his youth - sion. Mr. Rohatyn conceded that branch to trade pesos and Mexican tive of J.P. Morgan's profound and his patrimony. "The market his group needed to pay more at- securities. The treaty is also expecttransformation from a commercial does not reward me for being my bank to a securities firm. During father's son," he said. "It wasn't like the last decade, this most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade, the most blue-last decade started, we had seven people.

Morgan, more than most firms anticipated how the market would change, with its leading players eventually munual funds and pension funds instead of speculative hedge funds and rich Latin Americans. Morgan has been among the tives, recruited straight out of colfirst to provide these new investors lege and indoctrinated in its sober with the sort of detailed research reports they are accustomed to in other markets.

Where Morgan may be at a disadvantage, however, is in under-writing securities issues for Latin American companies, Until recently. Morgan and other banks have been prohibited by the federal government from underwriting securi-

Last year, the bankers who handepartment were combined with Morgan's stock-underwriting divi-

nonperforming bank loans.

Still, for Mr. Rohatyn and the emerging-markets business, recent months have been a triumphal time. The publicity surrounding the North American Free Trade Agreement, which is seen as cementing economic development in Mexico. helped raise investor activity in emerging markets securities to record volumes last year. Total trad-ing volume is estimated to have reached about \$1.5 trillion in 1993, double that of a year earlier. Morgan said its volume more than tripled last year, though it would not

disclose specific figures. Morgan, in fact, is among the first companies to take advantage of the trade pact, applying to open a branch in Mexico City, which it dled stock issues in Mr. Rohatyn's was not allowed to do before the agreement's passage. Mr. Rohatyn plans to send 12 people to the

Still, the success of emerging markets is drawing new rivals and, thus, shrinking profit margins. So Morgan and other companies are looking for new frontiers in such countries as Poland and Peru that were virtually given up as economic de-serts a few years ago. It also is searching for trading opportunities in Vietnam, South Africa, and even Cuba for its proprietary trading

Of course, the new markets can be more profitable than established sectors because they are riskier. Yet Morgan may not be able to profit from one of the biggest risks: the possibility that interest in emerging markets will fade. Some people worry that many bull markets in Latin America and Asia have been driven by investor interest rather than fundamentals, and that this bubble will

### International Investment Conferences, Inc. The 3rd Annual

Investing in the Americas<sup>c</sup> 1994/ Invirtiendo en las Americas<sup>o</sup> 1994

Sheraton Bal Harbour Resort, Bal Harbour, Florida, April 12-14, 1994 Including Investing in a Greener Earth, April 15, 1994

Latin American mineral resource production (exclusive of oil and gas) exceeds US\$26 Billion annually. The sector equipment purchases exceed US\$2 Billion annually, with committed investment at over US\$5 Billion yearly into the next

A Few of the Program Highlights

One World: The Future of Latin America Sally Shelton, former Ambassador to Barbados and Grenada, Senior Fellow and Adjunct Professor at Georgetown University (Washington D.C.)

The Sun Shines on Latin America: A Forecast on the Investment Climate Amy Gassman, Vice President, Investment Research Goldman Sachs & Co. (NY), Gerald A. Rothstein, Managing Director,

Oppenheimer & Co., Inc. (NY) Selecting the Right Strategy For Your Company in Latin America Jay Taylor, Exploration Manager, Placer Dome

century. Find out NOW where the region will be in a few years, register early.

One Continent, One Hemisphere and | Canadian Exploration: A Way to

Invest in the Emerging Latin American Markets Philip Martin, Partner and Mining Analyst, Gordon Capital Corp. (Toronto)

Privatization: The End of Corruption in South America Pedro Deutsch, Partner, Price Waterhouse (Santiago) Underwriting Mining-related Risks - Mitigating country and currency risk

with U.S. Export-Import Bank, OPIC (Overseas Private Investment Corp.), IFC, World Bank, EBRD, and other public and private insurers. Robin Wade, Managing Director, Political Risks Division, Lloyds broker Colburn, French

and Kneen Ltd. (London) Project Finance Workshop and Privatization Workshop

Speakers: William F. White, Pres., IBK Capital Corp. (Toronto); Pierre Chenard, VP, Corporate Development, Cambior, Inc. (Montreal); Minh Thu Dao-Huy, E.V.P, IBK Captial Corp. (Toronto); Gerald P. McCarvill, Pres. and CEO, Repadre Capital Corp.; Raul Otero, Chairman of the Board, Minero Peru; Lance S. Tigert, Sr. VP, Business Development and Treas., Noranda Minerals, Inc. (Toronto); Thomas Gorman, C.F.O. and Treas., CAMECO Corp.; Herrick K. Lidstone, member, Brenman Raskin & Friedlob

Mining Ministers' Forum The following ministers will lead roundtable discussions about projects offered for foreign investment, new mining regulations, and codes: Dr. Angel E. Maza, Argentina; Dr. Jaime Villalobos Sanjines, Bolivia; Honourable Shelley Martel, Ontario, Canada; Ing. Alejandro Hales, Chile; Dr. Guido Nule Amin, Colombia; Ing. Marcos Portal, Cuba; Ing. Gerald Marten Ellis, Dominican Republic; Francisco Acosta Coloma, Ecuador; Coy Roache, Jamaica; Ricardo A. Fabrega, Panama; Ing. Daniel Hokama Tokashiqui, Peru; F.R. Demon, Suriname; Dr. Gustavo Cersosimo Michelini, Uruguay

ealf (305) 670-1963 or fax to (305) 670-0971.

+Polend

### FED: Banker's Intuition Fills in for Figures When Officials Weigh Interest-Rate Decisions modate surges in demand, but over has surprised and dismayed Fed House Banking Committee that the longer haul, "the rate of price officials." cited as a possible future Republi-

### Continued from Page 15

their assumptions about how the sconomy works now. They then run the new models to see how the changes affect the models' predictions of future inflation. Such an approach may seem very

orderly. But it all depends on the

Fed official's guess of how past statistical relationships have changed, a guess that is based on a lifetime of experience. Many monetarist economists in academia believe that money-supply figures remain valuable. They criticize Mr. Greenspan for focus-

ing on a succession of economic indicators in public testimony. "It's a very dangerous game to play, to drag out whatever indica-tor is pointing in the right direc-tion, said William Poole, a mone-

tarist at Brown University often

can nominee to the Fed. But Mr. Greenspan appears un-

moved. The Fed's monetary-policy committee "will continue to monitor the behavior of money-supply measures for evidence about underlying economic and financial ents more generally, but it will still have to base its ass ments regarding appropriate policy actions on a wide variety of economic indicators," according to Mr. Greenspan's written, but unread, testimony last week.

The most important consideration for the Fed these days appears to be investors' expectations of inflation, which are reflected to some extent in long-term interest rates and commodity prices.

Short-term changes in prices may depend on how much slack is have risen by more than a third of a seemed to lend support for this

change depends crucially on price expectations, and not on the degree of slack," Mr. Greenspan told the Joint Economic Committee of Congress on Jan. 31.

Long-term interest rates tend to vary with these expectations. And the success of the Fed's interest rate policy, Mr. Greenspan said last week, should be judged by whether it holds down these long-term rates.

The Fed has no direct control over long-term rates but does con-

trol short-term rates. In theory, it can pull down long-term rates by Many Wall Street analysts say pushing up short-term rates. the Fed now focuses overwhelm The Fed pushed up rates for overnight loans between banks by a ingly on prices for gold and other

O Antigua Argentina Australia

**√**Bermuda

quarter of a percentage point on

Feb. 4. Long-term rates, however,

available in the economy to accom- percentage point since then. This view Tuesday, when he told the

"I had thought that a move by us at that time would be more likely to

Mr. Greenspan said the rise in Fed's move on short-term rates. Instead, he said, long-term rates rose because of subsequent economic reports that investors misinterpreted as signs that the strong economic growth in the fourth quarter of last year would continue this year and rekindle inflation.

commodities in setting short-term

interest rates. Mr. Greenspan

Ecuador

+France

+ Greece

gold prices were "a very good indicator" of future inflation. But other Fed officials say they

stabilize or maybe even bring down the long-term rate," Mr. LaWare said.

see little use for gold as an indicator of inflation. "If that's what the chairman believes, that's fine—it's not my view that gold forms a key long-term rates did not reflect the or central variable," Mr. Lindsey



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HSBC. Pr Surges 4: Led by A:

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# **HSBC Profit** Surges 48%, Led by Asia

By Kevin Murphy

HONG KONG - HSBC Holdings PLC, the parent company of HongKong & Shanghai Banking Corp., said Monday its profit surged 48 percent last year, to £1.81 billion (\$3 billion). But it warned that 1994 could be more difficult in key growth areas.

Led by strong growth in its traditional Asian markets; a £468 million — or 75 percent — increase in trading profit; and a successful integration of Midland Bank, which it took over in 1992, the 1993 results exceeded expectations of the

company and most analysts. "As we look ahead, we expect our business to benefit from continued growth in Asian economies and recovery in the U.K. and U.S.," said Sir William Purves, chairman of HSBC Holdings, with £206 billion in assets that make it

one of the world's largest banks. "However, with interest rates at or near the bottom of the cycle, it is unlikely that conditions in the Treasury and capital markets in 1994 will be as favorable as those in

1993." Sir William said. The company earned 59 percent of its pretax profit in Hong Kong, where it has long been a pillar of the colonial establishment and is the largest stock in the Hang Seng in-

**Indian Tax Cut** 

To Aid Growth

NEW DELHI - India on

Monday cut corporate taxes,

import duties and interest

rates to spur sluggish industri-

al growth and bolster its eco-

Finance Minister Manmo-

han Singh, architect of the

country's year liberalization

program, cut the minimum lending rate by one percentage

point, to 14 percent, and re-

duced corporate taxes for Indian companies to 40 percent

Mr. Singh said that because

of strong currency inflows into

India, the country would repay

early \$1.4 billion owed to the

International Monetary Fund.

Continued on Page 10

from more than 50 percent.

nomic reform program.

dex. The Asia-Pacific region contributed 75 percent to the overall

The Americas, where the company owns Marine Midland Bank and the Hongkong Bank of Canada, remained an unprofitable area.

The overall results helped pull the Hang Seng index up 309.0 points, or 3.07 percent, Monday. The stock market had been pummelled recently by concern about rising U.S. interest rates and a dispute between Britain and China over the pace of democratic reform.

John Gray, chairman of the locally incorporated Hongkong Bank that oversees most Asian operations, voiced some caution about the risks inherent in the local prop-

But the situation has not reached dangerous levels seen in previous boom-bust cycles.

"If you look at key measures such as the affordability ratio, it is at a much lower level than 1982, the start of the last property crash," Mr. Gray said, referring to the proportion of household income required

to cover mortgage payments.

"I'm reasonably comfortable with size and quality mix of the bank's loan portfolio," he said. "It's not something I lose too much sleep over, but it is something that needs to be watched closely."

inflation targets for 1994 may turn

growth last year.

# They're Bullish in Sri Lanka **Tiny Stock Exchange Winning Respect**

By Edward A. Gargan New York Times Service

Hidden in the Indian Ocean like a verdant dollop dripping from the southern coast of tropical India, Sri Lanka has lingered in geographical and economic obscurity.

It is a land that lures European tourists, is fighting a vicious but relatively contained civil war. and has quietly managed to attract interest from foreign investors and financial institutions.

Since the beginning of the year, the Colombo Stock Exchange — tiny by global standards, to be sure — has soared. Before last week, it had been outperforming markets in every other country except Brazil. Then, on Wednesday, the Sri Lankan all-shares index hit an all-time high of 1,373.48 and the market became the world's leading gainer for the year. The market has risen more than 350 points in three months.

Political stability, which appears to have been enhanced following the assassination of the former president last May, and the most sustained economic growth in South Asia have made Sri Lanka a lucrative investment with considerable potential, according to many analysts.

"A lot of investors are coming into the market," said Thilan Wijesinghe, director of research at Asia Stock Brokers Pvt., a brokerage in Colombo. "We saw the first Sri Lankan country fund last year," he said in reference to the Regent Sri Lankan Fund Ltd., managed in Hong Kong, "It raised a total of \$25.6 million in November and one reason for the rise in the market was that the fund was investing. And then a lot of retail investors got into the

Far freer than the regional markets in India, particularly Bombay's, and in Karachi, the Colombo exchange has prospered in a small, and until now unnoticed, fashion.

Gone forever, it seems, are the controls and state ownership that characterized the socialist policies sector is booming."

China Admits '94 Targets Hard to Meet

of the 1970s. Foreign investment in manufacturing, once discouraged, is now wooed; and with a literacy rate approaching 90 percent, Sri Lanka has the most educated workers in South Asia.

Still, the country is tiny and the Colombo exchange has one of the smallest capitalizations of emerging market exchanges in the world, about \$3.6 billion, up from \$1.8 billion in December.

But as Mano Titawella, manager of research at HDF Securities Pvt., a Colombo investment firm, put it, "Daily trading volume is now at \$8 million. It's small by any other standard, but in December it was \$2 million."

Such tiny turnover leads many analysts to ignore Sri Lanka. A few foreign analysts, however, believe that Sri Lanka, if not yet of age, is rapidly warranting attention. Nigel Rendell, a market strategist at James Capel & Co., cites "a fairly stable political environment, fairly strong growth — 6 percent GDP growth is the minimum this year if things hold together. There is also the possibility that if they manage to sort out the war with the Tamils, growth could be in double digits." The Tamils are the ethnically-based, northern rebel movement.

In Colombo, brokers and analysts are confident that there is no way to go but up. Mr. Wijesinghe even believes Sri Lanka's size works to its advantage. "Our smallness in itself proved to be an advantage, "he said. "Fund managers might have 2, 3, 4 million in the Sri Lankan market. So people leave their money here instead of moving it out like happened in Bangkok or Kuala Lumpur. And new

money was coming in." Foreign analysts said Sri Lanka was vmoving forward faster than other markets in South Asia.

"From a foreign perspective," Mr. Rendell of James Capel said, "We like the manufacturing sector. We like the construction sector. The service sector also seems to be growing, and the tourist

eign-exchange swap markets.

# Key Japan Indexes **Show Gains**

Bloomberg Business News

TOKYO - Numbers released Monday may portend some relief for the Japanese economy, but offi-cials are wary of predicting that recovery is under way.

What they say without hesitation is that recovery, when it does come, is not going to be spectacular.
Output from Japan's crucial

manufacturing sector rose a seasonally adjusted 0.9 percent in January, the Ministry of International Trade and Industry said. Average household spending

rose 0.4 percent in December, and housing starts — the only consistently strong indicator recently surged 20.7 percent in January.

"All the numbers released today were stronger than expected," Chris Calderwood, economist at Barclays

de Zoete Wedd, said, "It's too early to rule out a relapse, but it's entirely plausible that October and November may have been the trough. The increase in industrial output, while small, may mean that the manufacturing industry began to turn around in October, when production fell a record 5.5 percent.

January's rise followed a 2.2 percent increase in November and a 1.9 percent drop in December. It appears that industrial production hit its bottom in October. This is encouraging for the economy because recovery will only

come to Japan if its core industrial sector revives significantly. MITI forecast that production would increase for the next two months at least. It said it expected production to improve 2.6 percent February and 3.4 percent in

March. That would put production for the first quarter in positive territory for the first time in a year. Koichi Yoshimoto, a ministry official, said that it was still too early to say whether Japan's fac-

tories were rebounding.

The sign that it could have bottomed out will have to wait until next month, when April's forecast

comes out," he said, Companies often increase production during February and March to window-dress figures in their accounting books for the end of the fiscal year in March.

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### Very briefly:

• Sinsegi Mobile, a unit of Pohang Iron & Steel AG, will lead a consortium to develop South Korea's second cellular phone network. Hong Kong registered a trade surplus of \$222.3 million in January, reflecting its booming trade with China. Exports grew 29 percent while

imports rose 27 percent. • Kreditanstalt für Wiederaufban, a triple-A-rated German borrower, delayed a \$200 million, five-year bond to Asian investors, dealing a setback to the dragon bond market, which caters to Asian investors

• Vietnam will replace 15 airliners at a cost of \$1 billion in the next few years and needs more than \$300 million to upgrade three airports, a civil

 Vietnam's official news agency said that licensed foreign investment in the city of Hanoi doubled to \$1.4 billion in 1993, the sixth year after the

Esso Production Malaysia Inc., the Malaysian exploration and production subsidiary of Exxon Corp., said it has discovered oil and gas at a site

in the South China Sea. • Woodside Petroleum Ltd. of Australia said it would slash its work force

by 25 percent because of low oil prices and a shift out of the construction phase at its offshore natural gas project.

 NEC Corp. is considering plans to manufacture work stations and other computer equipment in China in a joint venture with Shanghai Chang-jiang (Holdings) Ltd., the parent of a local telecommunications company. • Suntory Ltd., Japan's top whiskey distiller, said its pretax earnings fell 5 

late trades elsewhere. Via The Associated Press

were "only ideals." out to be unachievable "ideals," the
State Statistical Bureau said Monday, as it released data showing the
country's rapid but inflationary

were only ideals.

General Zhang said the main
problems facing the economy were
steep price rises, excessive fixed-asidly increasing prices had "led to
the decline of living standards in

said, adding that nard-currency
earners, mainly foreign trade firms,
had sold all their foreign exchange
idly increasing prices had "led to
the decline of living standards in
state regulations.

China's gross domestic product to meet demands of high growth. grew 13.4 percent last year, to 3.14 trillion yuan (\$361 billion), the Investment in fixed assets jumped 50.6 percent last year, over 1992, to 1.18 trillion yuan. The highest rate since 1985, while industrial output totaled 1.41 trillion amount of money in circulation yuan, up 21.1 percent from 1992, soared 35.3 percent, to 586.5 billion according to the statistics bureau yuan, fueling retail price increases

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director, General Zhang Sai. of 13 percent nationally. The cost of living rose 14.7 per-cent nationwide, with the rate for Warning that a dramatic drop in growth - like that accompanying the three-year austerity drive the 35 biggest cities at 19.6 percent, launched in 1988 too cool the econcompared with 13.7 percent in the omy - would have harmful effects, countryside, the bureau said. But General Zhang noted that General Zhang said government

targets of a maximum 10 percent per capita income had on the whole

BEIJING—China's growth and for gross domestic product growth increases of 10.2 percent in cities, fected by unification, Mr. Wang to 2,337 year, and 3.2 percent in said, adding that hard-currency

> caused by the failure of public works some households. Direct foreign investment continued to soar, with \$110.9 billion Jan. 1, replacing a two-tier system contracted, up 90.7 percent, and that involved an official rate far low-

\$25.76 billion used, up 130 percent, or than that obtainable on its forthe bureau said. **■ Exchange-Rate Success** 

The Bank of China's president Wang Xuebing, said the unification of China's exchange rate had been successful and there would be no major changes in the yuan rate for the foreseeable future, AFP-Extel News reported.

The bank's foreign exchange set-

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# **SPORTS**

# Minnesota Hands Indiana Worst Loss in 89 Years

anything. He didn't rant or rave. He knew it wouldn't have done

No. 12 Indiana suffered its worst loss in Knight's 22 years as the university's basketball coach when into a first-place tie with Florida in university's basketball coach when the Hoosiers were pummeled, 106-56. by No. 20 Minnesota in a nationally televised game in Minneapolis on Sunday.

Although showing remarkable restraint, for him, Knight did occasionally wince, slump or put a hand

over his eyes.
Indiana hadn't seen anything like it in 89 years, not since a 66-12 defeat at Ohio State on March 12.

The game was over after about 10 minutes," Knight said. "They did the things they are capable of. There are some things that happened early in the game that just

eliminated us." Knight's worst previous loss at Indiana was an 83-52 defeat at

Michigan in 1986. The Hoosiers (17-6 overall, 10-4) Big Ten) had a three-game winning streak ended, while the Gophers (19-9, 9-6) halted their two-game losing streak quite easily.

Indiana trailed, 25-19, with 10:07 left in the half, then unraveled. Minnesota launched runs of 13-0 and 15-3 en route to scoring 31 of the final 36 points of the period

for a 56-24 lead. "Nobody can predict a game like this," said Randy Carter, a Minnesota forward, who scored 10 points.
"But we got beat by 46 at Bloomington once and and that always stuck in the back of our minds." Voshon Lenard had a career-

high 35 points on 13-of-17 shooting. The Gophers set a school record with 32 assists, made 11 3point shots — another team high and shot 64 percent in their biggest Big Ten victory, Six Minnesota players scored in double figures. The second half was no better for

the Hoosiers. Minnesota opened with consecutive dunks, by Lenard and David Grimm, then sank five quick 3-pointers. Damon Bailey scored 10 of Indi-

ana's first 12 points, but finished with just 13 and sat out the second half. He was the only Hoosier in double figures.

No. 2 Duke 59, No. 8 Temple 47: In Durham, North Carolina, senior swingman Grant Hill became the third member of Duke's back-toback national championship teams to have his jersey retired, then got 13 points, 8 rebounds and 8 assists as the Blue Devils won their 88th consecutive game at home against a nonconference opponent.

A "33" jersey was presented before the game to Hill, the eighth er in school histor to receive the honor. The other members of the 1991 and '92 championship teams with their numbers retired are Bobby Hurley and Christian Laettner.

Antonio Lang had 16 for Duke (21-3), which won its fourth Straight

Temple (20-6), which closed its regular season with consecutive losses, was led by Derrick Battie's

14 points. No. 7 Kentucky 80, Georgia 59: The Wildcats (22-5, 11-3 South-

The Associated Press eastern Conference), playing at with 21 seconds left in Madison bob Knight didn't throw or kick home, ran off 18 straight points to Square Garden, as Syracuse (19-5, open the second half, 14 off nine 11-5) took over second place in the consecutive turnovers by Georgia

(12-14, 6-8). That avenged a 94-90 overtime the SEC Eastern Division. Those teams play Wednesday night in Lexington.

For the game, Kentucky scored 46 points off 29 turnovers by the

### COLLEGE BASKETBALL

Buildogs. Tony Delk led Kentucky with 22 points, while Shandon Anderson had 15 for Georgia.

George Washington 77, No. 11 Massachusetts 66: Yinka Dare and Kwame Evans scored 24 points apiece and host George Washington (16-9, 8-7 Atlantic 10) kept alive its NCAA tournament hopes with its seventh straight victory. Massachusetts (23-6, 13-2) had won four in a row.

No. 18 Syracuse 82, St. John's 81: Lawrence Moten scored 24 consecutive 20-victory seasons points, sinking two free throws since 1981-82.

11-5) took over second place in the Big East, a half-game ahead of Georgetown and a game in front of Boston College, Connecticnt has clinched the regular-season title at

It was the fourth loss in a row for St. John's (11-14, 5-11), but the Redmen made it close by rallying from a 12-point halftime deficit. Charles Minlend had 24 of his 28 points in the second half for the

No. 22 Marquette 70, DePaul 62: Senior Jim McIlvaine, who helped Marquette reconstruct its onceproud basketball program, led the Warriors (20-7, 10-2) to their first Great Midwest Conference title by scoring 23 points and blocking six shots in Milwaukee. DePaul (15-9, 3-7), which lost for

the fifth straight time to Marquette, was led by reserve guard Belefia Parks, who had 14 points. The Warriors posted their first



The Magic's Shaquille O'Neal was whacked on the knee, but the Hornets hurt more by game's end.

# 'Rookie' Wilkins In Smashing Debut

pers are on different pages.

National Basketball Association with a 122-118 victory Sunday over the Clippers, who are in last place in the Pacific Division.

Shawn Kemp had 27 points and 14 rebounds, Kendall Gill scored 23 points and Gary Payton 21 as Seattle overcame Wilkins' 34 points in his first NBA game in a uniform other than that of the Atlanta Hawks. Ron Harper made his first eight shots - five of them 3pointers - and finished with 27

points for the Clippers. "I'm glad he got off on the right foot like that," Loy Vaught, a for-ward for the Clippers, said of Wilkins, who was traded for Danny

Manning on Thursday. Wilkins was initially unhappy about leaving the first-place Hawks for the last-place team Clippers, but he did his best to make a good

PHILADELPHIA—Signed Bill Edwords, forward to 10-day contract. Put Shown Brad-ay, center, on injured list.

PHOENIX—Named Brian Colongelo vice president and assistant seneral manager. Ac-

ivaled Jerrod Mustal, forward, from injured

Itst. Walved Jee Courtney, forward.

UTAH—Traded Jeff Malona, guard, to Philoadelphia for Jeff Hornacek and Sean Green,

GOLF:

Scores ofter Sunday's final round of the City 1.1 million Buick Invitational of California golf fournament in La Jolia: 286 Craip Statler & 67 68 66

"Life is full of changes, and It might have been a storybook you've got to make the best of the debut for Dominique Wilkins save changes," he said. "Actually, I for the fact that the Seattle Super- think this change was the best for Sonics and the Los Angeles Clipmy career. I really believe that. Sometimes, when you're in a place The Sonies broke a tie with for so long, they don't appreciate Houston for the best record in the you as much because they see you all the time. Sometimes a change may enhance your career."

The Clippers, who tied a club record with seven 3-point baskets,

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### **NBA HIGHLIGHTS**

led by 93-84 in the third quarter before the Sonics rallied with a 14-4 run for a 98-97 lead at the end of the period.

The lead changed hands six times in the fourth quarter before Detlef Schrempf's 3-pointer put Seattle ahead 114-113 with 3:18 left.

The Clippers had a chance to tie in the final seconds, but Kemp rebounded Mark Jackson's 3-point attempt with 4.8 seconds left and made one of two free throws to complete the scoring.

Trail Blazers 104, Nuggets 97: Portland won its sixth straight and handed Denver its 20th defeat in 28 road outings as Clyde Drexler scored 22 points and Rod Strick-land had 19 points and 12 assists.

Mahmoud Abdul-Rauf led all scorers with 28 points and rookie Rodney Rogers had 18, with four 3point field goals, for the Nuggets. Buck Williams had 12 points and

11 rebounds for the Blazers, but with 9:58 left he was elbowed in the mouth by Denver center Dikembe Mutombo, who was called for a flagrant foul. Williams required five stitches in his lower lip and did not return to the game.

Lakers 100, Celtics 97: Los Angeles extended Boston's franchiserecord losing streak to 12 games behind Vlade Divac's 28 points, his 13 rebounds and his short bank shot with 2.5 seconds left.

Suns 92, Knicks 78: After All-Star forwards Charles Barkley and Charles Oakley were ejected, Kevin Johnson took over in the fourth quarter as Phoenix won its ninth straight at home and handed New York its fourth consecutive loss.

With 45 seconds left in the first half, Barkley slapped Oakley, who missed a swing in response, resulting in the ejection of both players. Johnson finished with 29 points and Patrick Ewing hit 29 points and 17 rebounds for New York, which shot just 36 percent from the field. The Knicks now lead the Atlantic Division by two games over : Orlando after having a 71/2-game

Magic 114, Hornets 103: Shaquille O'Neal shook off a sore knee to finish with 21 points, 11 rebounds and five blocks as Orlando won its seventh straight by defeating Charlotte.

The loss was the fifth straight and 13th in 14 games for the visiting Hornets, who were led by Dell

### **SCOREBOARD** EMSKETERIK ....

**NBA Standings** EASTERN CONFERENCE .704 .685 .564 .528 .634 .291 .261 13 41 WESTERN CONFERENCE est Division

Pct .731 .714 .661 .491 .302 .143 8 48 39 14 736 36 17 679 34 21 618 31 23 574 28 33 377 17 35 362 18 35 362 LA Lokers

ski 7-16 9-10 23, Curry 11-21 0-0 26. C: SPICKOWSKI 7-187-1972. Curry 11-219-25.
C: O'Neol 9-16-3-5 27, Anderson 8-18-2-2 18.
Rebounds—Charlotte 41 (Hawkins 8), Ortando 22 (O'Neol 11), Assists—Charlotte 29 (Begues 8), Orlando 23 (Hardaway 9),
Goldes State 24 23 27—100
Minnesofta 25 26 26 27 27—100
C: Minnesofta 19-18-18-18 28 28-28-18 24 28 27—107 Alanesotu 24 26 18 27-107 G: Webber 13-29 6-8 32. Sprewell 8-26 6-8 22. M: Smith 5-11 10-10 21, Rider 8-14 8-8 25, Re-bounds—Golden State 58 (Webber 16), Alinne-sote 54 (Brown 7), Assists—Golden State 27

D: Moshburn 11-20 5-11 22, Jockson 7-17 1-2
15, N.J.: Morris 12-16-0-27, Edwards 6-11 3-217,
Rebounds—Dollos 58 (Moshburn 10), New Jersey 55 (Colemon 10), Assists—Dollos 21 (Lever, Harris 5), New Jersey 26 (Anderson 9),
New York 26 12 22 18-78
Phoenix 26 19 22 27-92
N.Y.: Ewing 9-23 11-13 29, Starks 6-15-0-0 18.
P: Johnson 9-23 11-13 29, Cebatica 7-16-2-4 18.
Rebounds—New York 51 (Ewing 17), Phoenix 62 (Cebatics 12). Assists—New York 21 (Harper 7), Phoenix 12). D: Moshburn 11-20 5-11 32, Jackson 7-17 1-2

son, Molerie, Miller 3).

Sestifie 35 31 32 24-122 21. Oklohom
LA. Clippers 34 35 36 27-118 22. Morawel
S: Kemp 7-11 13-19 22, Gill' 10-183-522, Poyton 22. Boston (
10-20-0-21\_LA\_: Wilkins 11-21 12-1234, Horset 4. Alc.-Birl
8-14 6-8 27. Rebounds—Seattle 55 (Kemp 14), 25. Pern

Los Angeles 42 (Vought 13). Assists—Seattle 28 (Payton 8), Los Angeles 31 (Jackson 12). HOCKEY TO SEE **NHL Standings** 

24 22 24 25-77 24 27 26 29-100 Baston 24 22 24 25-77
LA Lokers 24 21 26 29-100
B: Fox 6-11 1-2 19, Douglan 7-9 4-4 18, LA:
Divoc 13-24 2-3 28, Threath 12-27 2-2 26, Rebounds—Boston-48 (Portish 10), Los Angeles 43
(Divoc 13). Assists—Boston 25 (Douglas 8),
Los Angeles 32 (Van Exel 12).

19 39 25 23- 97 Portland 31 17 36 26—19; D: Abdul-Rouf 11-21-4-28, Rogers 7-129-61 8. P: Strickland 6-13 3-6 19; Draxier 8-16-6-11 22. Rebouads—Denver 54 (Eills, Mutombo 11), Portland 50 (Bu.Williams 11). Assists—Denver 20 (Pack 7). Portland 31 (Strickland 12).

**Major College Scores** 

Conisius 86, Iono 83
Darimouth 72, Cornell 69
Delaware 61, New Hampshire 59
George Washington 77, Massachur Lovolo, Md. 81, Fairfield 73
Maine 79, Drexel 73, OT Mannatten 192, Nigapro 58

Ala-Birmingham 80, CS Northridge 43 Duke 59, Temple 47 MIDWEST
Hilinois 76. Wisconsin 65
Marquette 70. DePaul 62
Minnesota 104. Indiana 56
Chio U. 82. Totedo 79
S. Hilinois 84. Hilinois 51, 73

Southern Meth. 64. Texas A&M 57 The AP Top 25

The top 25 teams in the college basketball poll, with first-place value in parentheses, re-cords through Feb. 27, total points based on 25 points for 6 first-place vade through one point

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for a 25th Piace vote, (	and previo	us rank	dng:	
	Record	Pts	Pys	
1. Arkansas (59)	22-2	1,419	1	
2 Duke (1)	21-3	1,513	2	
3. Michigan (3)	20-4	1,449	3	
4. Connecticut (1)	24-3	1,375		
5. North Carolina (?)	23-5	1,367	4	
6. Missouri	22-2	1,365	6	
7. Kentucky	22-5	1,187	7	
R. Artzone	23-4	1,171	9	
9. Purdue	23-4	1,049	14	
10. Louisville	22-4	1,028	13	
11. Massachusetts	23-4	897	11	
12. Temple	20-6	B49	8	
13. Konsos	22-6	841	70	
14. Syracuse	19-5	766	18	
15. UCLA	19-4	665	15	
16. Saint Louis	22-3	605	19	
17. Indiona	17-6	577	12	
18. Alianesota	19 <del>-9</del>	528	20	
19. Florida	<b>22</b> -5	502	16	
39. California	19-6	496	17	
M Aldahama Ci				

WESTERN CONFERENCE
Custral Division
W L T Pts GF GA
37 20 5 79 272 211 19 11 77 209 179 SUNDAY'S RESULTS First Period: B-Gweeney 4 (Raid, Oates); (sh)B-Shunpel 6 (Murray), Second Period: B-Neely 45 (Carles, Reid), Takrd Period: B-Neely 46 (Carles, Kyortolinov), (pp), Shots on godt: B (on Belfour) 9-6-13—28, C (on Casey) 7-6-7—20 Second Period: H-Smyth 2 (Jons

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Aflantic Division

W L T Phs GF GA
39 18 4 82 217 162
32 20 9 73 218 169
31 26 6 68 200 185
29 30 4 62 223 239
26 25 10 62 172 171
26 29 6 58 207 197
23 33 8 54 166 188

Northeast Division
33 19 11 77 210 175
33 22 8 74 211 178
30 20 12 72 222 220
31 22 7 49 211 171
24 33 5 53 202 215
21 35 7 49 177 214
10 45 8 28 156 290

goal: W (on Burke) 13-8-10-31. H (on Becupre) 9-7-5-21, Green); N.Y.-Acton 2 (Maley, Vukota); N.Y.-Turseon 23 (Malakhov). Third Period: Q-Simon 3 (Wolgaln); N.Y.-Ferraro 13 (Hogue, Flotiey); G-LoPointe 8 (Gusarov); N.Y.-Ho-sue 27 (Lochoro), Jenn., Stohs on gook; Q (on Hextall) 9-7-17—33. N.Y. (on Fiset) 12-9-7—28.

First Period: E-Podein 2 (Pearson, McAmmand) Second Period: T-Gollont 2. E-Podein 3 (McAmmand, Podein); E-Pearson 13 (McAmmand, Podein); T-DiMaio 6 (Cole, Cole, C

OCCER.

ENGLISH PREMIER LEAGUE ENGLISH PREMIER LEAGUE
Chelses 4, Totlenham 3
Standises: Manchester United. 68; Blackburn. 61; Arsenol, 51; Newcostle, 48; Liverpool. 47: Leeds. 46: Aston Villa, 45; Sheffleld
Wednesday and Norwich, 44; Queens Park.
Rungers, 37; Coventry, 38; West Ham, 37;
Ipswich and Wimbledon, 36; Everton, 37; Tot-Manchester City, 29; Oldham, 26; She United and Swindon, 21.

LEAGUE CUP

LEAGUE CUP
Somifinats, Second Le9
Asion Villa 3, Tranmere 1
Asyregate score 4-4; Asion Villa won 5-4 on penalities GERMAN FIRST DIVISION

Wattenscheid 2. VIB Leiezig 2
ITALIAN FIRST DIVISION
Atolomio 1, Juventus 3
Genoo 2, Lecce 0
AC Millon 2. Fogelo 1 Napoli 1, Capilari 2

Tarino 2. Interdazionale 9
Udinese 2. Reggiana 1, (n)
Standlegs—AC Millan, 40: Juventus and
Sampdoria, 34; Porma, 35; Lazie, 31; Torino,
27; Internazionale, 26; Fopgia, Napoli and
Casilari, 25; Roma and Piocenzo, 22; Cremanese, Genoa and Udinese, 21; Reggiana,
18; Atalanta, 16; Lecce, 9.

TRANSACTIONS

BASEBALL, Anterican League
BALTIMORE—Agreed to terms with Brad
Panalastan and Armando Benitez, plichers,

Pennington and Armando Benitez, pilchers, and Alex Ochod, outfielder, an 1-year contracts,
BOSTON—Agreed to learns with Note Min-chey and Cory Bailey, pitchers, on 1-year contracts. Amounced 1-year ogreement to have their Florido League attiliate play at Ed Smith Stadium in Sarasata. Purchased con-tract of Matt Stairs, autifielder, from Powfuck-

Longston, plitcher, on 3-year confract extension through 1977; with Lee Guetterman, plitcher, on minor-league confract; and with Scott Lewis, plitcher, on 1-year contract, Agreed to terms with Damion Easiey, infield-

Agreed to terms with Dominor Easiery, immed-er, on 1-year confract.

DETROIT—Agreed to terms with Scott Liv-lassione, 3d baseman, and John Doherty, pitcher, on 1-year confracts.

ALLWAUKEE—Agreed to terms with John Joha, 1st basemen, and Tray O'Leary, out fielder, on 1-year contracts.
TEXAS—Agreed to terms with Jeff Frye,

TEXAS—Agreed to terms with Jet Frye, inflelder, and Danold Harris, outleder, an i-year contracts. Agreed to terms with Dean Polimer, 3d baseman, and Ivan Radriguez, coitcher, on I-year contracts.

National League ATLANTA—Agreed to terms with Mork Wohlers, pitcher, on 1-year controct. CHICAGO CUBS—Agreed to terms Jim Bullinger and Turk Wendell, pilchers, on 1-year contracts. COLORADO—Extended contract of Don Baylor, manager, through the 1995 season. LOSANGELES—Agreed to terms with Eric

LOS ANGELES—Agreed in terms with Eric Karres, 18t baseman, on 3-year contract and with Mike Shorperson, infielder, on minor-losque contract. MONTERAL—Agreed to terms with Reid Cornellus, Brian Looney, Bill Risley and Jeff Show, pitchers, and John Vander Wal and Transpillus and John Vander Wal and

Tyrane Woods, putfielder, on 1-year con Tyrune woods, unfelicer, on I-year contracts. Slaned Jeff Gordner, infletier, orant Randy Kramer, plicher, to contracts with Ottowa of IL. Invited Heath Haynes, plicher, to spring traking as non-ruster player. N.Y. METS—Agreed to terms with Joe Kmaik, catcher, on I-year contract. Agreed to terms with Asthew Years and Babby Jones. terms with Anthony Young and Bobby Jones. offichers, and Aaron Ledesmo and Builch Hus-

key, infleiders, on 1-year contracts.
PHILADELPHIA—Agreed to terms with Todd Prait, calcher: Wes Chamberlain, out-fielder; and Heathcliff Slocumb, pitcher, on 1year controcts.
SAN DIEGO—Agreed to terms with Andy
Ashby and Jose Marilnez, pitchers, and Archi
Clantrocco and Metvin Nieves, autilities, an
1-year controcts. Agreed to terms with Derek
Bell, outfleider, an 1-year controct. Agreed to
terms with Derek Bell, outfleider, and Ricky
Guillertez, shortston, an 1-year controcts and

BASKETBALL National Besketball Association NBA—Fined Reggie Miller, Indiana guard,

Guillerrez, shoristop, on 1-year contracts and

Trevor Hoffman, pitcher, an 3-year contract.
SAN FRANCISCO—Agreed to terms with Pat

and Anthony Bowle, Orlando guard, \$5,000 for Relating and Scott Skiles, Orlando guard, 2,500 for leaving bench during fight in game on Feb. 2.
ATLANTA—Traded Dominique Wilkins, forward, and conditional ist-round draft pick in 1994 or 1995 to L.A. Clippers for Danny Monning, forword. • CHARLOTTE—Signed Morty Conion, cea-

- CHARLOTTE—Started Marty Coston, cea-ter, to a contract for remoinder of session and Tim Kemeton, center, to 2d 10-day contract, CHICAGO—Activated Teni Kukoc, sucuri-forward, from Injured list. Pvi Bill Cort-wright, center, on Injured list. CLEVELAND—Put Larry Nance, forward, on Injured list. Activated Jay Guidinger, cen-

INDIANA—Activated Pook Richardson, guard, from injured list. Put Scott Hoskin. center-forward, on injured list. LA CLIPPERS—Signed Chorles Outlow, orward, to 2d 10-day contract. LA LAKERS—Put Antonio Hor word, on injured list. ALLWAUKEE—Traded Frank Brickows

forward-center, to Charlotte for Mike Gminski, center, and conditional 1996 1st-round pic Traded Dan Schoyes, center, to L.A. Lakers for conditional 1995 20 round draft pick.

MINNESOTA—Traded Luc Langley, center, to Chicaso for Stocey King, center.

NEW JERSEY—Signed Derrick Caleman, farward, to 4-year contract.

ORLANDO—Weived Todd Lichtt, guard. 275 Mark Calcavecchia 64 72 69 275 Paul Goydos 65 70 70 67 275 Doug Martin 65 73 68 69 275 Lennie Clements 64 69 68 72 276 Tom Lehmon 68 70 67 71 276 Ronnie Black 65 68 69 74 277 Scott Simegon 70 70 67 277 Bob Lohr 49 47 71 76 2/7 800 LSMF 49 67 71 70 277 Torn Byrtum 70 64 71 72 277 David Tom 65 65 72 75 278 Ed Dougherty 66 70 73 69 278 Russ Cochron 67 72 68 71 276 Glen Day 66 67 72 71

288 Crosp Stadler of 67 88 66 269 Steve Lowery 67 68 66 68 270 Phil Muckelson 68 67 67 64 272 Had Sutton 68 68 67 67 273 Morik Carnavale 67 67 70 67 274 Robin Freemon 68 67 71 68 274 Bob Estes 70 67 67 70 274 Kirk Triplett 71 63 68 72 275 Mark Colemanskie 68 73

JENNS 🖔 🐈 🙃 EVERT CUP

In Indian Wells, Coliferate
Women's States Final
Sheffi Graf (1), Germany, def.
Joetzer (6), South Africa, 6-0, 6-4.
Doubles Final Lindsay Davenport, United States, and Lisa Roymand, United States, def. Manon Balle-

Republic (2), 6-2, 6-4, MUVEEN ARIZONA CHAMPIONS In Scottedgie, Arizona Men's Singles Final

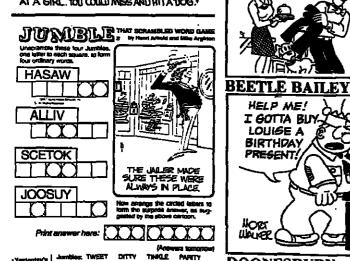
la Mexico City, Mexico

THIRD TEST Pokiston vs. New Zealand, Finel Day Monday, in Christcharch, New Zealand New Zealand 2d Innings: 324-5 New Zealand won by five wickets. Pakis advantage on Feb. 6.

Curry with 26 points. Timberwolves 107, Warriors 100: Minnesota snapped a five-game losing streak behind Isaiah Rider's 25 points. Visiting Golden State. despite Chris Webber 32 points and 16 rebounds, lost its third straight game after winning six in a



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### **PEANUTS**

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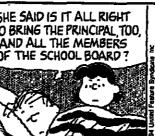
YOKAY, I'LL WRITE A NOTE

THAT DOESN'T ( ALWAYS WORK...) JUST WRITE ,

GET HER SOMETHING



TIME TO GO HOME... NOW, WHAT WAS I SUPPOSED TO DO? OH YES, I HAVE A NOTE IN MY POCKET











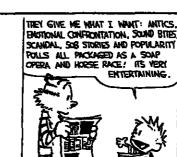


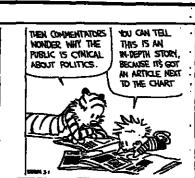


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### CALVIN AND HOBBES







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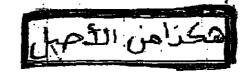


REX MORGAN



GARFIELD





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may enhance your career.

The Clippers, who had a

NBA HIGHLIGHT

record with seven 3-point is

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The lead changed hard

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The Clippers had a change in the final seconds, but king the final seconds at the final seconds.

bounded Mark Jackson is the

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Trail Blazer 104, August

scorers with 2x pour and make

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Buck Williams had I come as 11 rebounds for the Blace be with 9:58 left he was ellowed mit mouth by Denver center Diens

Mutombo, who was called for

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Lakers 100. Celtics 97: Los e geles extended Boston strande

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Charles Danies were elected ke

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Johnson i nisheli wan 20 pone and Patrick Ewing by 39 pone and 17 rebounds by New York

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Gray with Department

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shot with 2.5 seconds left.

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before the Some railed and

# ing Deby The Olympic Games: Not Just Surviving but Better Than Ever

tional Herald Tribune

changes, he said. Atla ILLEHAMMER - The truth about the think this change was the Olympics is that they are almost impossible to ruin. The ingredients going into the 17th Winter Games as they began Feb. 12 were not Sometimes, when you're may for so long, they don't may you as much because they the makings of a gourmet athletic experience. all the time. Sometimes it

Basically, you had Tonya & Nancy. You had the U.S. Olympic Committee protecting Nancy Kerrigan like a parent and trying to smother Tonya Harding before she had been implicated by anybody. When she

**Vantage** Point

judgment. So you had nobody trusting anybody, and everybody being a busybody.

opera, profitable and monstrous, and credible opera, profitable and monstrous, and credible — then the judges might have been swayed because the performers were driven by the ideal of an Olympic gold medal. They were the best actors the theater has ever known, unsware as they clearly were the states of the month of them, as if we ever bould have doubted that. For Nancy to skate aware as they clearly were of the irony they the way she did that first night was the makcreated. They didn't act like actors, which is ings of a champion. But the Tonya flak had

ratings, in the United States and elsewhere What we didn't expect, what we should have expected, was that the whole mini-series ultimately became irrelevant, as most TV shows

What began as the Tonya & Nancy Olympics turned into the Olympics That Ate Tonya & Nancy. This happened without any special effort on the Olympics' part. Nancy finished was implicated by her former husband, it was tial judgment it was going to be Kerrigan. Just too late to as Tonya Harding supposedly was going to be

believe in buried by the judges, the committee in neither case did it happen. If either of tee's powers them had produced a charisma worthy of their hype - and the one who came closest to doing that was Tonya; wasn't it great how she was able to stop crying the moment the judges The Tonya-Nancy thing became television allowed her two minutes to tie her shoelace? difficult to find these days. They were like deigned to make her more than an Olympic Elizabeth Taylor and Richard Burton that champion—had Nancy won the gold medal she would have become a huge idol for an As expected, it produced record television outrageously wrong reason — and the confin



On to Nagano: A Japanese princess was part of

In an era when those in charge of the world's most symbolic event are tempted by more money than Pierre de Coubertin ever could have imagined, the Olympics are still about the most basic of human glories.

past her as if Kerrigan was standing still.

In an era when people are struggling to handle overwhelming amounts of information, reducing some important messages to the Committee came dangerously close to awardlevel of static, and when the people in charge ing the 2000 Summer Games to Beijing. Could of the world's most symbolic event are tempt- the Chinese have been trusted to promote the ed by more money than Pierre de Coubertin Olympic ideals with the purity of the Norwe-

The drama going in was a matter of jealousy and frustration. The stage of the Olympics mers. Atlanta cannot match the culture and gave it perspective. When it was all over, the Olympics decided that Tonya was No. 8 and celona and Lillehammer. The first example of irrelevant, and that Nancy would have to Atlanta's approach was its unveiling of the prove herself more than the victim of a knee most cynical mascot the Olympics has ever injury. Standing above them both was Oksana known, its only strength being the chameleon Baiul, who has overcome the loss the two most ability to sell soft drinks and copy machines. important people in her life, and in the end

only her anthem was played. It was about Baiul, and Dan Jansen skating his last race to wash away the others, and Johann Olav Koss setting world records and donating his winnings to charity, and the Norwegians supporting their athletes wholeheartedly, win or lose, without denigrating the that the performances themselves will survive those from the rest of the world. Every day was sunny, it seemed, and at the closing ceredowill only harm Atlanta. That seems to be the mony on Sunday the biggest response went to moral surviving Tonya & Nancy.

ing pressures seemed to limit her, allowing a the sight of Jansen holding his baby daughter. 16-year-old without mother or father to dance They began as a sideshow, but it is difficult to

ever could have imagined 100 years ago, the gian approach? Or would the Olympics them-Olympics are still about the most basic of selves have again survived whatever foul mes-

sage its transient caretakers ascribed to it?

Will the next opening ceremony become nothing more valid than an extended Super Bowl halftime show, espousing the American Dream with the hope that it will convince you to buy more Coca Cola? In the fresh memory of what might well have been the two finest Olympic Games ever known, the answer seems to be

### Portland won its sixth straights handed Denver its 20th default toad outlings as Clede Denk scored 22 points and Roi Sing land had 19 points and 12 assess Many Thanks Mahmoud Abdul-Raif led a To the Many Rodney Rogers had & mhfor . Class Acts

By Tony Kornheiser Washington Post Service

ILLEHAMMER - Citius, altius, fortius: ILLEHAMMER — Cittus, and so, routes.
Swifter, higher, stronger. And now: Cel-

As we wave goodbye to Norway, let us remember to thank the people who made these last three weeks such fun. Let us thank our Norwegian hosts for the

unparalleled salmon, for the dependable transportation, for their unfailing graciousness and, most of all, for the plentiful hot water. Let us remember the greatness of the athletes, such as Norway's Viking god, Johann Olav Koss.

^Vantage Point



The Boss is

not only the

greatest long distance speed skater in the world - three races, three golds. three world records — but he's also donated all his winnings to the Olympic Aid charity bene-fiting young war victims in Bosnia and other

Koss stands out over the long hanl. So do both the Swedish and Canadian hockey teams, -full of heroes, for one of the greatest games of all time. Nifty Oksana Baiul. The elegant Russian pair of Ekaterina Gordeeva and Sergei Grinkov. Class acts Brian Boitano, Torvill and Dean, and the incomparable Katarina Witt. The ebullient Tomba. Nancy Kerrigan, for standing up to inordinate pressure. And Dan Jansen, with the sweetest moment of all, a world record and a gold medal in his final Olympic race. Because of his many years of hard luck and his perseverance, Jansen is the most beloved of all Winter Olympians; the day after he won the 1,000, sticking out of the snow on the E-6 highway to Hamar were three lovingly hand-lettered signs that simply said: "Dan."

Among other things (Nancy, Tonya) these
Games will be remembered for being environmentally correct. They were officially named "The Green Games." One corollary to this environmental frenzy was the perpetual glaze of ice on the sidewalks and roads. The Norwegians won't use rock salt, which may explain why every fifth person you saw was hobbling around on crutches, having taken a flop on the ice.

And now a few words about the closing ceremony, Kept them short. Good. Additionally, there was a ceremony to introduce Nagano, Japan, as the next Winter Olympic city, and a snowdrop as the official emblem. Four Snowlets, those cute little owls, are the official Nagano mascots, a much better choice than the preposterous Izzy, the official Atlanta mascot; everyone knows that the Atlanta mascots, in the spirit of Haakon and Kristin, should be Ted and Jane.

One moment that gave me pause was when they brought in the expedition team. Six people and 40 huskies are on their way to Nagano on Nature's own terms," using skis, sleds and sails. They are expected to arrive in 18 months. To which we can only say: Better them than us. And goodnight, Tonya, wherever you are.



# This Is a Sport So Hot, It Has Truly Dark Sides

By George Vecsey
New York Times Service

I AMAR — Don't ask me about the figure-skating judging. I don't understand it. Don't ask me about the scoring. I hated math when I was in school. Don't ask me about the jumps. I can't tell one from the other. Fortunately for me, we subscribe to a private check-list of the skaters' routines, including music changes and jumps. The checklist says, "2:15. West Side Story. Double Axel-Double Toe Loop," and if the skater is circling around in her

Vantage Point



ble, "No combo." It's a lot more complicated than a 6-4-3 double play. I'm a general sports columnist who doesn't claim expertise in figure skating, but I do know it's hot.

I know Oksana Bajul deserved the gold medal. I know some Nancy Kerrigan loyalists will say she was jobbed, but I will quote you two authorities — William Blake:
"The tygers of wrath are wiser than the horses of instruction." And former Supreme Court Justice Potter Stewart: "I know it when I see it."

The tyger from Odessa won it. I knew it when I saw it. I'm no expert but I am a junkie. The best event in Calgary in 1988 — better than a dozen Super Bowls — was Katarina Witt holding off Liz Manley, with Debi Thomas wandering around in a romantic haze, with Midori Ito leaping like the Doctor J of Japan.

But this year was even wilder. I'm afraid my most enduring image of the 1994 Winter Games will be Tonya Harding, her face coming apart, breaking down on the ice as if from collective national disbelief, betrayed by her laces. Harding personified our worst nightmare, the Old Broken Shoelace Dream. This sport is so hot, it has truly dark sides.

I know I signed up for the national championships in Detroit without an inkling there would be any knee whacking. I made sure I was here in Hamar for the Winter Games because it was going to be the best sports story for February of 1994, and I didn't even ask my paper for a bonus for going.

I have even been known to buy skating tickets for my wife, who was touting Oksana Baiul two years ago. Figure skating is very big with women, which accounts for the television ratings and makes it easier for me to cover this event without feeling like Humbert Humbert with a word processor.

My position used to be that I didn't know if it's a sport, like soccer or tennis, or a spectacle like professional wrestling or the circus, but Γ've changed my tune.

This was reinforced the day we were watching practice and we heard this sickening smack. Two young women had run into each other, and were reeling to the

ice. There was some doubt whether Baiul would be able to skate in the finals the next night, but I happened to sit near the ABC broadcaster. Donna de Varona, the for-

mer Olympic swimming champion.

Baiul would skate, de Varona said. How did she know? Athletes at Baiul's level are used to performing with pain, de Varona said, reciting chapter and verse of the times she and her teammates went out and swam with open wounds or deferred appendicitis.

The prospect of this beautiful child being deprived of her chance for a medal — after all the losses in her life touched me the way opera never does. And the next day, when Oksana Bajul skated ethereally onto the ice. I located de Varona on press row and I stage-whispered,

The finals reminded us why every network saves the women for last — weekends, prime time, big numbers, big bucks. This is the one sport in which the women are the best. I hear CBS is toying with the idea of four Grand Slam events, spread over 16 weeks. I'd locate the Grand Slam in Tokyo, St. Petersburg, Paris and New

York or L.A. Think big.

I hope they wouldn't insult the viewers' intelligence by doling out snippets of competition with gobs of canned interviews. The world is ready for more and more figure skating. And don't forget the practices. In this strange, exotic and compelling sport, you never

# Lillehammer, Again, Is the Sleepy Town That It Once Was

Compiled by Our Staff From Dispatches LILLEHAMMER - This quiet town was getting ready Monday to

The 16-day party that Lillehaming as coach of the U.S. team be-mer and all of Norway had worked cause of problems with "people in five years to arrange at a cost of about \$1 billion had ended and the "lt's just a thing

guests were going home. There was still a bozz of activity. Mostly people moving out, packing up, closing down or on a frantic last-minute search for souvenirs.

"It was the biggest experience of my life, and it was sad to see it end," said handyman Asbjorn Hundere, 27, as he changed the lock on a main street store that had been rented out for the Games. "But it will be good to have some peace," he added.

Some of the temporary restauchange road signs, helping to put the French Lillehammer back to what it had nounced. been: a quiet, picture-book town of 23,000 that has drawn tourists, art-

ists and writers for a century. ed, allowing locals to once again have the room to push baby car-riages along the sidewalks.

"It was impossible during the Games," said Unni Worum, 56, who was pushing her grandchildren

But, she added: "It was wonder-In Lake Buena Vista, Florida.

Nancy Kerrigan questioned the judging of the figure skating competition in which Oksana Baiul won the gold medal. Wearing her silver medal, Kerri-

gan was paraded before thousands of cheering fans at Disney World. She is under contract to the Walt Disney Co. and ABC to perform on television, make a Disney movie, participate in Disney's Easter and Christmas parades and do com-

"I know the judges are supposed to deduct for errors, and I'm not quite sure they did that because I was flawless." Kerrigan said after and the "Who Shot J.R.?" the parade. "Oksana, although of CBS's "Dallas" in 1980. she's a great skater and real nice to watch ... did have a couple of

"They're supposed to take off points for that," Kerrigan added.

 Peter Muelier, the former Olympic medalist whom Lillehammer speed-skating winners Dan Jansen and Bonnie Blair had insisted on having as their coach, is quit-

"It's just a thing they have with me," he said in an interview with the Milwankee Sentinel. "If I say

'left,' they say 'right.' If I say 'white,' they say 'black.'"
"I'm just fed up with a lot of things," he said. "People in positions of power aren't helping the skaters and I'm tired of dealing

Mueller, 39, was bired as the coach of the U.S. Olympic team three years ago at the insistence of

Jansen, Blair and other skaters who practiced in Milwankee. • Surya Bonaly, the French fig-

rants opened to feed crowds of ure skater, and Alain Giletti, her 100,000 were gone, while street latest coach, are parting ways after crews had worked overnight to another disappointing Olympics, change road signs, helping to put the French Skating Federation an-

Giletti showed up at competi-tions with Bonaly, but most of her training was handled by her moth-The crowds that had packed er, who is not a recognized trainer. Storgata, the main street lined by Bonaly came in fourth in the com-

European title.
Giletti had been named Bonaly's coach in 1992, following her breakup with Didier Gailhaguet after the 1992 Olympics. She had finished

fifth in Albertville. • The CBS telecast of the finals

of the figure-skating competition was seen by an estimated 119 million U.S. viewers, according to preliminary network figures.

This was down from the recordsetting 126.5 million that gathered in front of their sets Wednesday night to watch Act I of the Harding-Kerrigan Face-Off. But when all the votes are in, CBS said, Fri-

day will stand as the second-biggest

Olympics viewing night ever.

CBS said the skating finals produced the highest-rated Friday for any network in television history, with the preliminary 30-city Nielsen rating of 43.9 far outdistancing the 35.2 national rating earned on a Friday by both an episode of ABC's Winds of War" (in 1983) and the "Who Shot J.R.?" episode

Each ratings point represents 942,000 TV homes. A share is the percentage of sets in use at the time

# SIDELINES

# England Rugby Manager Resigning LONDON (Renters) — Geoff Cooke said Monday he will resign as the

manager of England's rugby union team after this season's Five Nations championship, which is 15 months earlier than expected.

Cooke in a statement, said he "had originally hoped to continue until the 1995 World Cup, but it has become increasingly difficult to reconcile the demands of being England's manager with my personal and business life.

Appointed England's manager in October 1987, he was due to be in charge until after next year's World Cup in South Africa. His teams won the 1991 and 1992 Grand Slams and made it to the last the World Cup

Korean Rookie Impresses Dodgers
VERO BEACH, Florida (AP) — For at least one day, Chan Ho Park looked like Sandy Koufax: Facing major league hitters for the first time, the 20-year-old rookie from South Korea pitched two hitless innings Similary for the Los Angeles Dodgers in an intrasquad game.

Chan, with a fastball that has been clocked above 90 mph, struck out

"Chan Ho threw the ball great," said the Dodgers' manager, Tom Lasorda.

### For the Record

The Tour of Britain cycling race has been called off this year after an eight-month search for a new sponsor, the British Cycling Federation

Jamie Nicolson, 22, the British-born boxer who was a six-time Australian amateur champion, was one of two people killed in a car accident Monday in Helensvale, the Australian National Boxing Federation Can Neely scored his 45th and 46th goals in Boston's 4-0 victory in

Chicago to pass Toronto's Dave Andreychuk and Detroit's Ray Shep-Pard for the NHL's goal-scoring lead. Case Stader shot 6-under-par 66 to beat Steve Lowery by one stroke in the Buick Invitational in San Diego. Lowery shot 68 for his highest

Chris Hinton, the guard elected eight times to the NFL's Pro Bowl Wille playing for Atlanta, has agreed to a three-year contract with Minnesota that reportedly averages a little over \$2.5 million a year. (AP) tinish in more than five years on the tour.

### Endeavor Leads Merit, as Intrum Closes Amid Ice

own private Odessa at

that moment, I scrib-

The Associated Press SOUTHAMPTON, England -- New Zealand Endeavor, which regained the lead from Merit Cup of Switzerland over the weekend, held a lead of 27 nautical miles Monday as the fleet dodged icebergs on the fourth leg of the Whitbread Round the World

In third place — and closing in on the two Maxi leaders was the Whitbread 60 yacht Intrum Justitia.

The European entry was 45 miles behind Endeavor, but was traveling at a faster speed thanks to its position as the southernmost boat in the fleet. "We are very concerned

about the iceberg situation," Intrum Justitia's navigator, Marcel van Triest, said from the boat. "Some are so small they are impossible to see during the

break the rudder." The leading boats are in the southern Pacific Ocean, some 3,000 miles from the fourth leg's finish at Punta del Este, Uruguay. They are expected to arrive there about March 10.

night but large enough to



Visitors leaving the Games clogged the thoroughfares of Lillehammer; Monday, residents of the town could drive on their streets again.

### A U.S. Secret: The World Cup Is Coming Soon

The Associated Press NEW YORK - Four months before the first World Cup in the United States, 4 of 5 Americans don't even know the soccer will be played in their country.

A Harris Poll released Sunday said only 20 percent of Americans realize the world's most-watched sports event will be played in the United States — but up from 13 percent in a similar Poll in October - and just 18 percent are aware it will be played in 1994. Only 25 percent know the World Cup involves soccer.

Fifty-three percent of Americans said they aren't interested in watching a World Cup game on television, and 62 percent said they have no interest in attending one of the

The survey of 1,252 adults was conducted from Feb. 2-6 and has an error margin of 3

Soccer officials last week expressed approval for the job they've done in promoting the World Cup, which will be played in nine cities from June 17-July 17.

### ART BUCHWALD

# Watching People Talk

don't know what they're missing on television. It took a mammoth snowstorm to make me realize what

people are watching these days. Talk shows are replacing soap operas, and the subjects range from, Wives who run away with their children's school-bus drivers' to "Teenagers who live with their

parents but haven't talked to them in five

years." I was clicking along the channels when I saw a talk-show host with a microphone say: "Today we will discuss mothers

Buchwald who prefer pets to their children. Joining our panel are mothers who have decided to devote whatever psychic energy they have to their French poodles. and children who feel that they have been ignored by their parents whenever they ran out of movie money. First of all, Mrs. Davidson. what made you love animals more than your own children?"

She replied: "I find that every time I want to hug my daughter she says, 'Do we have to do the mother

### Lisbon as the Capital Of European Culture

Agence France-Presse LISBON - President Mario Soares inaugurated Lisbon's year as Europe's cultural capital with a series of events highlighted by a concert by the London Symphony Orchestra, conducted by George

Plays, concerts, opera, dance, films, exhibitions and conferences are planned for the "Lisbon 94" program. Vitor Constancio, a for-mer head of the Socialist Party and former governor of the Bank of Portugal, said the events aimed to "to project Lisbon, and therefore Portugal, in its cultural role in a

European context." Lisbon's yearlong cultural reign began Saturday with the "Lisbon nonstop" initiative, with 27 bars and discos open all night until 10:00 A.M. Sunday.

WASHINGTON — People bit again? When I pet my dog he wags his tail and barks. I'm getting wags his tail and barks. I'm getting more stroking out of Alonzo."

> Wanda, sitting next to her mother, said: "Ever since I was a child my mother brushed the dog's hair before mine. Is it any wonder that I'm on this show?"

> Thank you both. And now Mrs. Claxton, you have a cat." Yes, I have a beautiful Siamese

and three daughters. If I had my way, I would have three cats and

Your daughters, who are sitting next to you, maintain that you speak softly to the cat but use a big stick when you talk to them."

"That cat doesn't give me any back talk the way my daughters

One of the daughters said, "I'm allergic to cats."
Mrs. Claxton retorted, "You just

say that because I won't allow you to bring boys up to your bedroom." Another daughter said. "You sit there with the cat on your lap and pet it and whisper things like, 'If you are not a good cat you will wind up like one of my daugh-

"O.K., let's take some calls. Spo-

kane, Washington."
"Thank you very much. I have a
different situation in that my son and his dog are constantly ganging up on me. I don't like the dog and he knows it. My son says that if I don't like the dog I don't have to stay in the house. I pointed out that it was my house and he responded. In that case I'm going to hire a

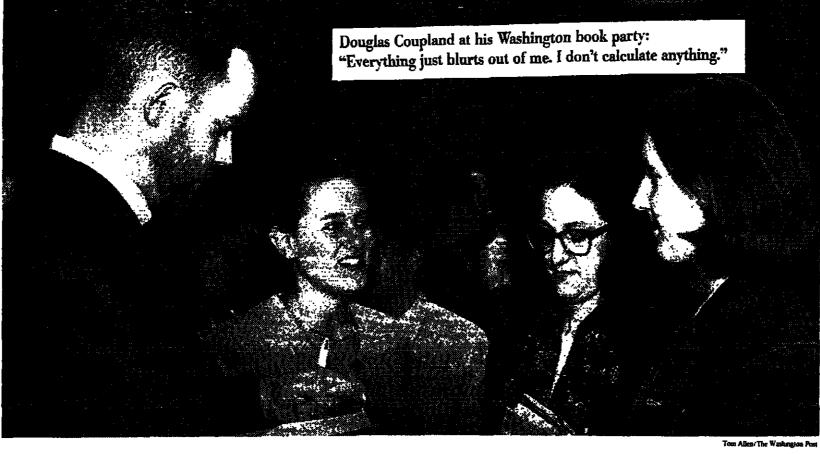
"Thank you very much. Fort Lauderdale, Florida."

"I would like to ask the first mother if she and her daughter ever

sought counseling over the dog."
Mrs. Davidson answered: "We were willing to do it, but the dog wouldn't go. Alonzo feels that it's our problem, not his." "Thank you, Fort Lauderdale. We have on the line Dr. Flauber-

man, who specializes in dysfunc-tional pets in dysfunctional families. Dr. Flauberman, what is your solution to the problem when a parent spends more time with her pet that she does with her chil-

'Goldfish.'



# 'Life After God' and the Prophet of Cliché

By Roxanne Roberts

Washington Post Service
WASHINGTON — The twentysomethings are searching for God. And their prophet wears army boots laced halfway up, but never tied all the way.
"One could — but one doesn't." explained
Douglas Coupland, struggling to define
the nuances of Generation X chic.

Every generation has its mission. This one spends its time contemplating spiritual truth and sartorial sins. Saints be

praised — and grunge is passé At least that was the word one night at the Canadian Embassy, where young and not-so-young Washington intellectuals threw a book party for Coupland, the 32year-old author of the newly released "Life After God." In 1991, his best-selling first novel, "Generation X: Tales of an Accelerated Culture," made him the wonder boy of postmodern ennui. Now he's being compared to Salinger and Heming-way — until the next baby genius pops up. And so The New Republic, to which Coupland is a regular contributor, swept out its aristocracy - including the editor, Andrew Sullivan, the executive editor, David Shipley and his wife, the writer Naomi

Wolf — and a hundred Washington Xers lusting for their turn in the spoilight. One of the great characteristics of Generation X is its incredible ability to market itself," said Richard Blow, 29, managing editor of the newly revived Re-

gardie's magazine. "And Doug Coupland both writes about that and practices that." No. insisted Coupland: "Everything just blurts out of me. I don't calculate anything I've never, ever done that Ever."

Blow smiled at his friend. "Say Doug has an incredible ability to coincide with

the Zeitgeist." There are 41 million Americans born between 1961 and 1971, raised on reruns of "The Brady Bunch," eager to read anything by someone who understands that everything's a cliché, everything has been done before.

Coupland understands.

He used to be wry and world-weary, but now Coupland is on the search for Greater Meaning, sort of a New Age thing without mantras. "You Are the First Generation Raised Without Religion," proclaims the cover of the pint-size book. His publisher, Peerket Rocks Pocket Books, printed more than 50,000 copies. "Life After God" is now on the San

Francisco Chronicle's best-seller list. "He's very Bay Area," said a spokesman.

For a guy who gets up around noon every day. Coupland gets a lot done when he's not searching for God. Besides con-tributing to The New Republic and The New York Times Op-Ed page, he's flacking the book with a series of 30-second "interstitials" on MTV and, Andy Warhol-like, eschewing celebrity while collect-ing celebrities as friends. A section of the book is dedicated to REM lead singer and new pal Michael Stipe because, as he told Elle magazine, "REM was one of the few things that didn't suck about the '80s." "Two years ago, I took 'Generation X'

to the beach assuming it was going to be awful," said Sullivan, who just turned 30. "It was such an individual voice and so great, I immediately called him up and

said, You should write for us. The voice of his generation has his hair cut short on the sides, jug ears, a thin mustache and beard. For his book party, the Vancouver native wore Canadian Army boots and a custom-made Sunday formal suit of the Hutterites, a religious sect known for its simplicity.

"Just call me a Freeway Bradyist," he told the audience. Later he was asked to elaborate. "We dream of being infinite, we dream of resolution, we dream to give our hearts away," he said.

Perhaps Generation Xers understood immediately, but a slightly confused thirtysomething reporter had to ask Coupland to deconstruct his answer. "Freeways are implicitly infinite, TV is implicitly halfhour resolution-oriented, and transcen-

dence means giving yourself away."
"My New resolution this year is to learn how to affect a British accent," he told the crowd. The crowd was appropriately ap-preciative, even those who couldn't tell whether Coupland was serious.

Finely tuned to the use of irony, the Xers understand — but just don't call them twentysomething sheep.

"I wouldn't want anyone to speak for me," said Sam Fleming, 26, a health-care reimbursement consultant and motorcycle racer. "I'm a very self-actualized person." "This Generation X thing is entirely constructed by people in their 40s who became addicted to the idea of a generation," said Sullivan. "And I hope it dies

**PEOPLE** 

### A Michael Jackson Hit: The Singing Witness

Court testimony as a hot new video? Yes, when the witness is Michael Jackson, testifying in a recent copyright fight. On a 50-minnte cassette of his appearance in federal court on Feb. 14, the pop star snaps his fingers and sings bits of hits "Dangerous" and "Billie Jean." The U.S. District Court in Denver has sold about 50 copies, a. a cost of \$15, and more orders are streaming in, a clerk said. "We have not copyrighted this," the clerk said. "It's a public record." In a \$40 million lawsuit, a Denver songwriter had accused Jackson of stealing "Dangerous" from a demo tape The jury cleared Jackson.

"Smoking/No Smoking," a com-edy directed by Alain Resnais, won France's 1994 César award for best film, and Resnais was named best director and Pierre Arditi, who starred in the film, was named best actor. Juliette Binoche won the best actress award for her role in Krzysztof Kieskowski's "Blen." The prize for best foreign film went to The Piano," directed by Jane Campion of New Zealand.

Even freezing water doesn't ruf-fle Arnold Schwarzenegger. He spent about two hours in a wet suit. jumping in and out of freezing wa-ter at Salve Regina University, in Newport, Rhode Island, for the opening sequence of "True Lies." his latest film. "It's always tough, but whatever job you have, if you love it, then it's O.K.," he said.

Britain's National Gallery is get-ting a rare self-portrait of Thomas Gainsborough and his family valued Gainsborough and his family valued at £1.75 million (\$2.59 million), the government said. The Department of National Heritage said the painting was being given to the museum in lieu of £1.11 million inheritance taxes owed by the estate of the late Marquess of Cholmondeley, who died in 1990. Completed sometime before 1760, the portrait "is the only known family group of the artist, his wife and elder daughter." the gov-

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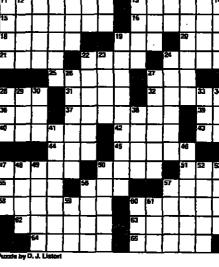
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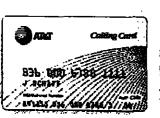
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61 Half a fly

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